

# LANXESS – ODDO BHF Forum

Successfully managing cost inflation

Investor Relations, January 10<sup>th</sup>, 2022

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# Agenda

**1 Strategic update**

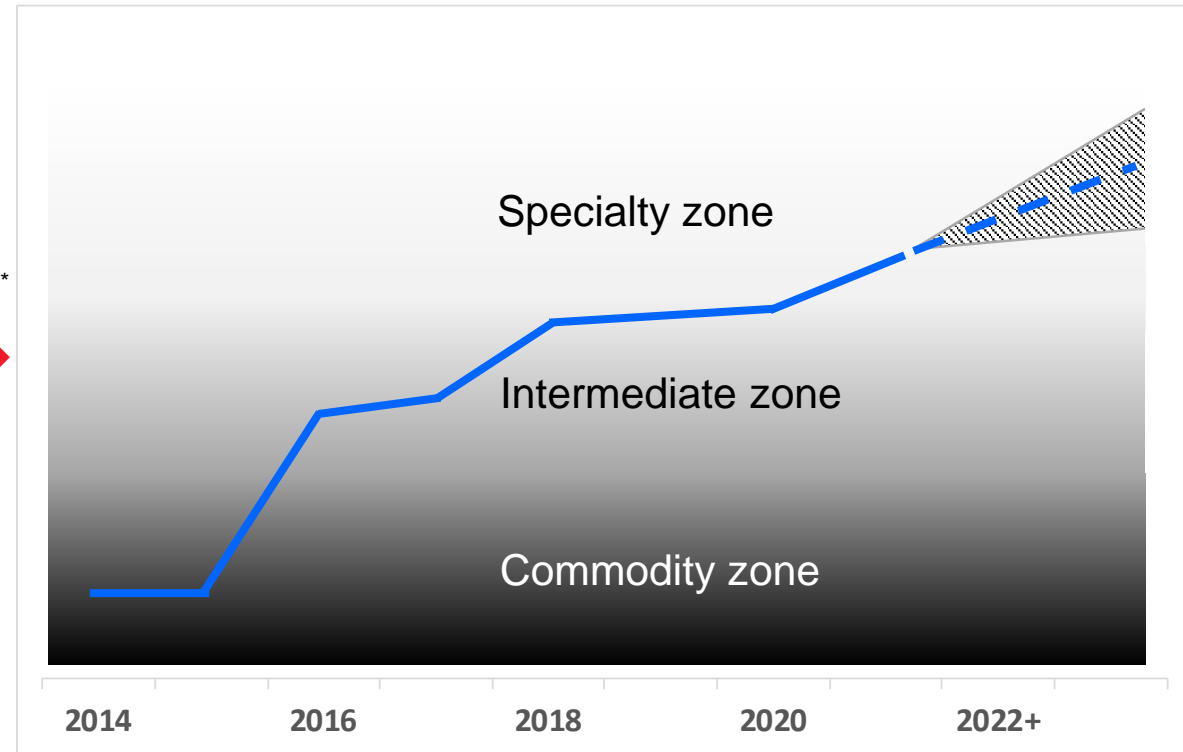
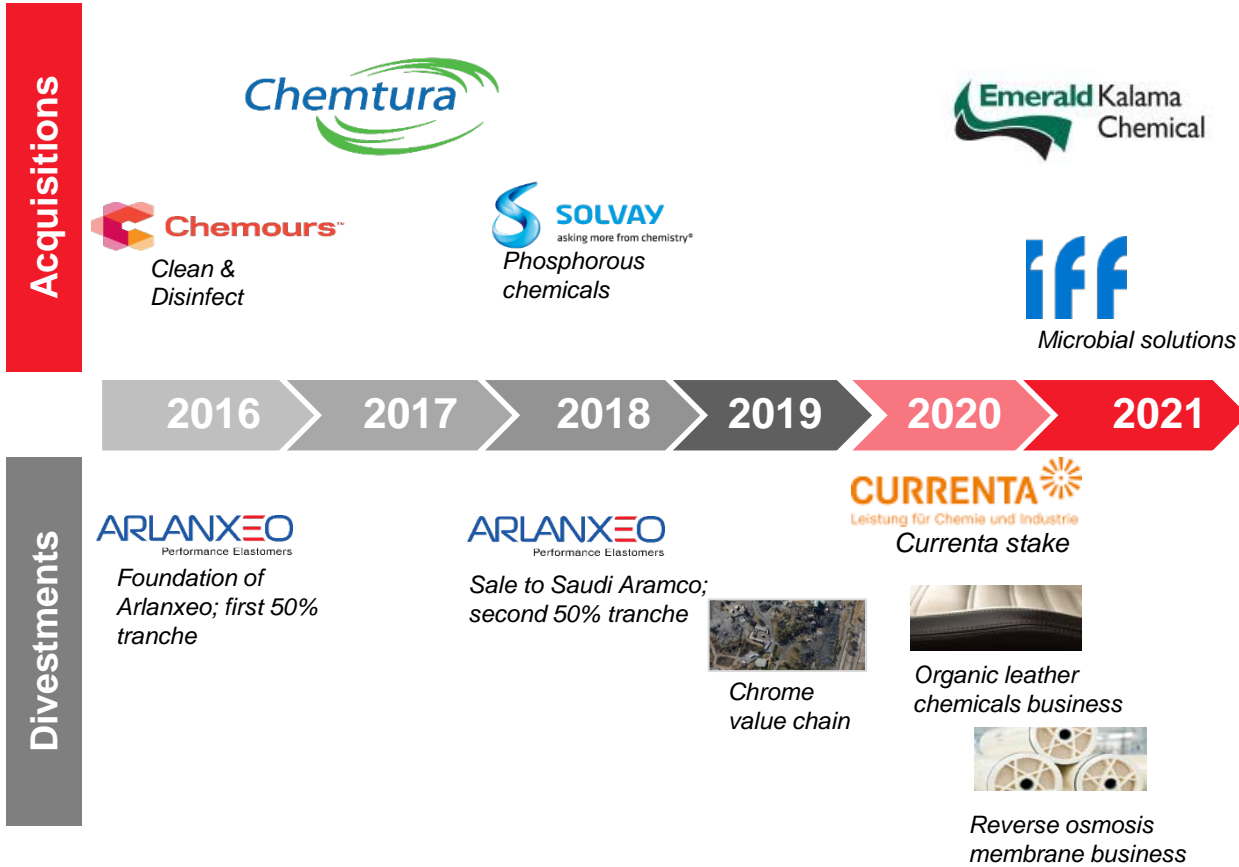
**2 Financial and business details Q3 2021**

**3 Back-up**

# LANXESS: Strong transformation via active portfolio management

## Track record of successful M&A transactions (selc.)





## Increasing true specialty nature of portfolio



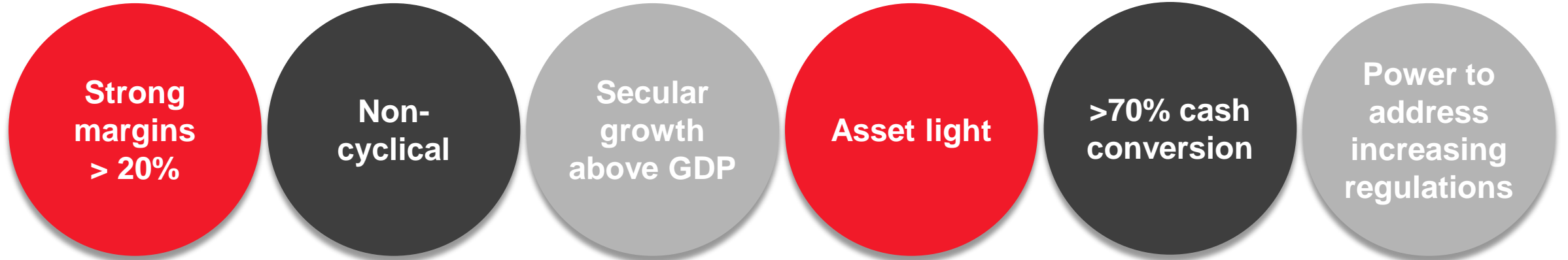
— = LXS product portfolio

\* Closing expected in Q2 2022

# Strong portfolio of attractive businesses

Advanced Intermediates	Specialty Additives	Consumer Protection	Engineering Materials
			
<ul style="list-style-type: none"><li>▪ Advanced Industrial Intermediates</li><li>▪ Inorganic Pigments</li></ul>	<ul style="list-style-type: none"><li>▪ Lubricant Additives Business</li><li>▪ Polymer Additives</li><li>▪ Rhein Chemie</li></ul>	<ul style="list-style-type: none"><li>▪ Flavors &amp; Fragrances</li><li>▪ Liquid Purification Technologies</li><li>▪ Material Protection Products</li><li>▪ Saltigo</li></ul>	<ul style="list-style-type: none"><li>▪ High Performance Materials</li><li>▪ Urethane Systems</li></ul>
<ul style="list-style-type: none"><li>▪ Among top 3 players</li><li>▪ Cost, technology and process leadership</li></ul>	<ul style="list-style-type: none"><li>▪ Among top 3 players</li><li>▪ Small volume, high impact</li><li>▪ Integrated value chains</li></ul>	<ul style="list-style-type: none"><li>▪ # 1-3 positions</li><li>▪ Attractive secular growth</li><li>▪ Strong margins</li><li>▪ Asset light &amp; high cash conversion</li></ul>	<ul style="list-style-type: none"><li>▪ Among the market leaders, esp. in Europe</li><li>▪ Integrated value chain</li><li>▪ Benefitting from e-mobility</li></ul>

# Consumer Protection shows all characteristics of a high multiple business



# F&F – products for highly attractive, growing consumer markets

Flavors

Fragrances

Preservatives

## Home & Personal Care



## Food, Feed & Beverages

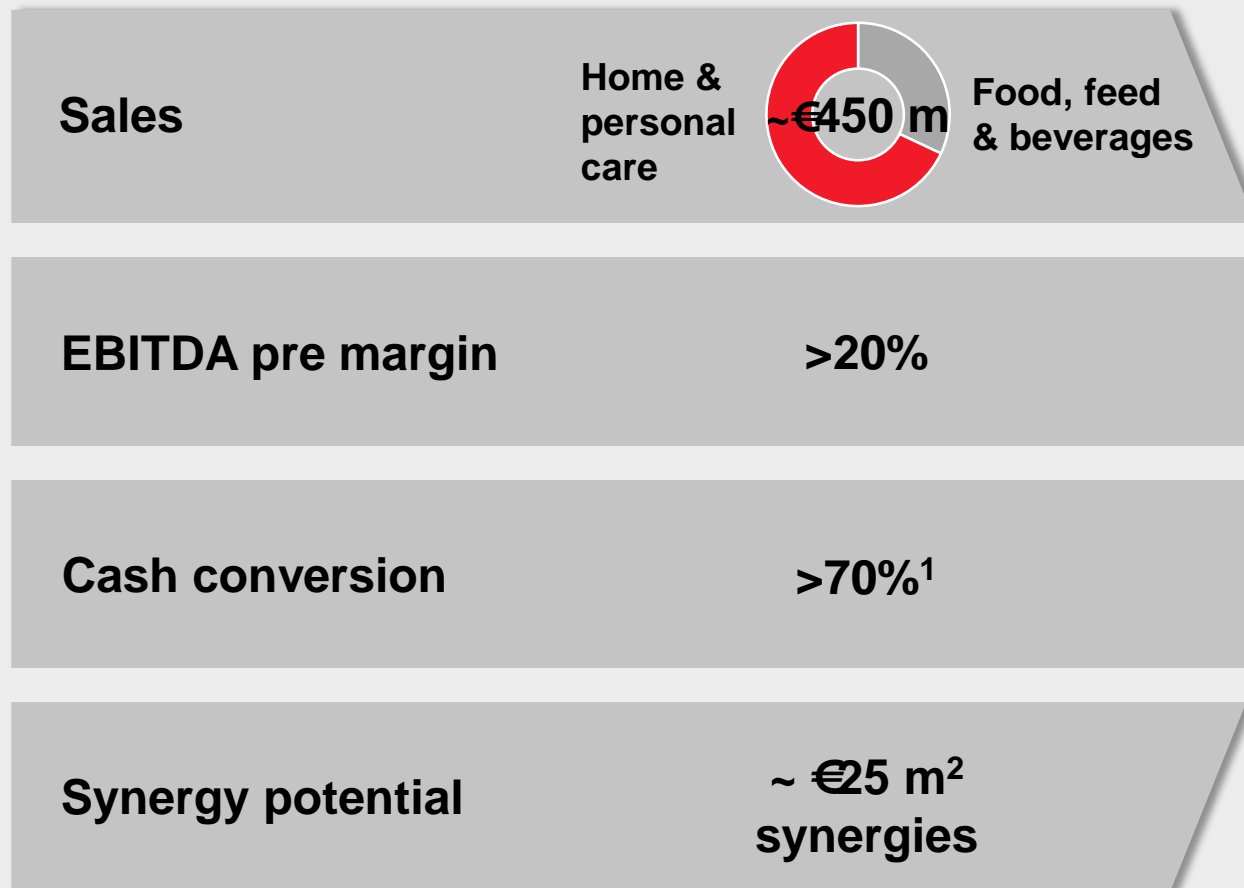


## Growth drivers

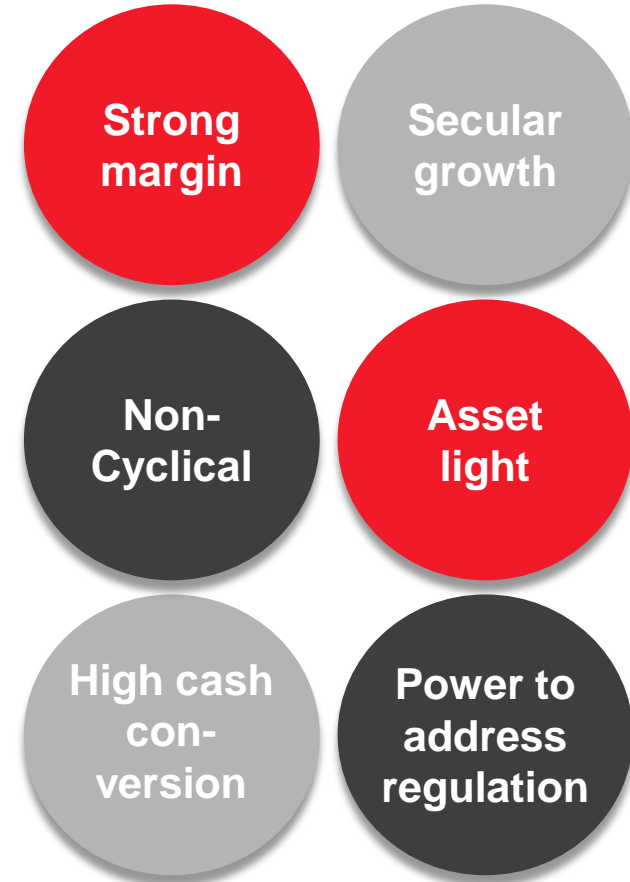
- Increasing demand for care products
- Growing demand for healthy, non-alcoholic and sugar free products
- Innovative products with low toxicity profile
- Luxury products

Secular growth well above GDP

# BU F&F Financials: Reflecting specialty character

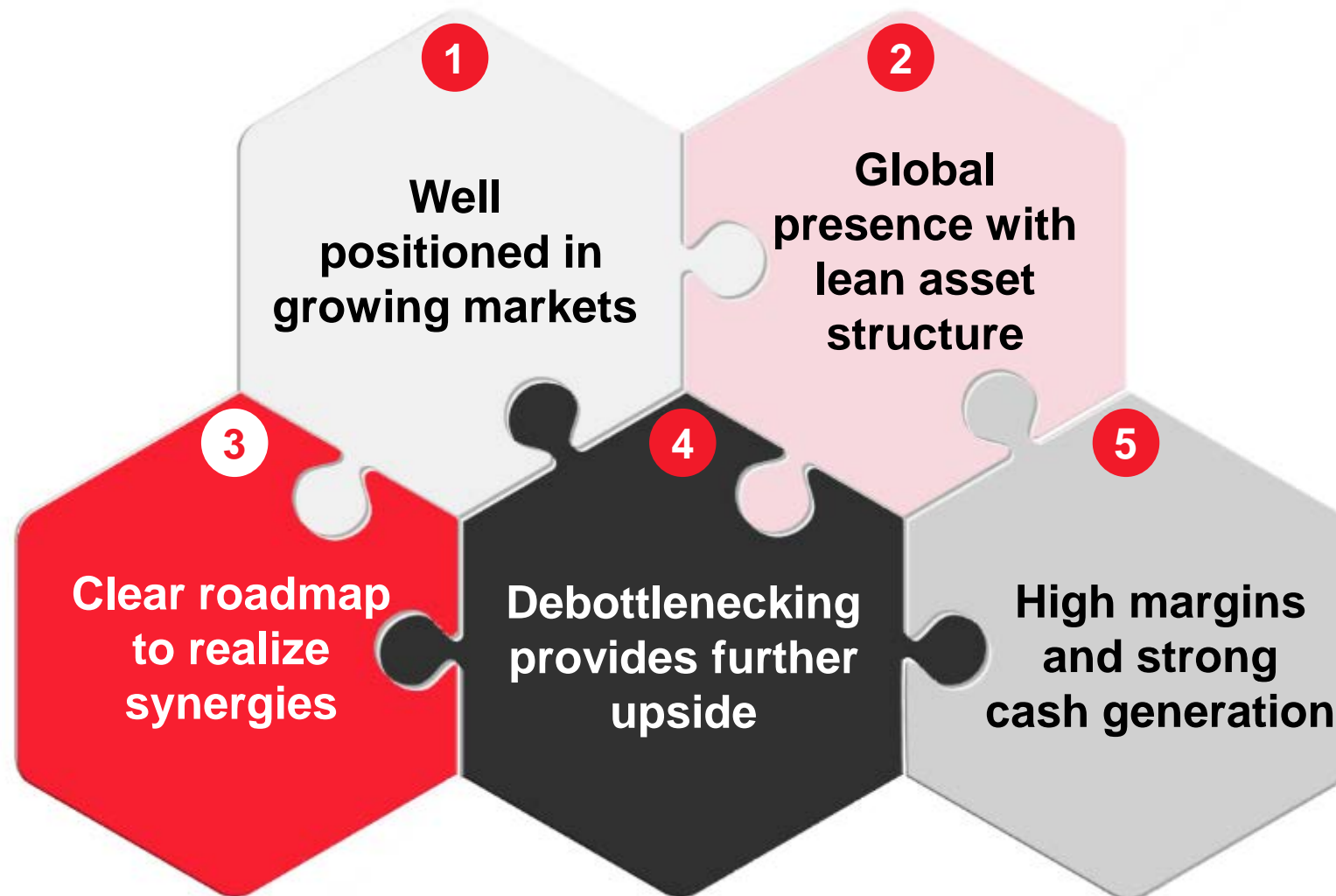


## Investment criteria met





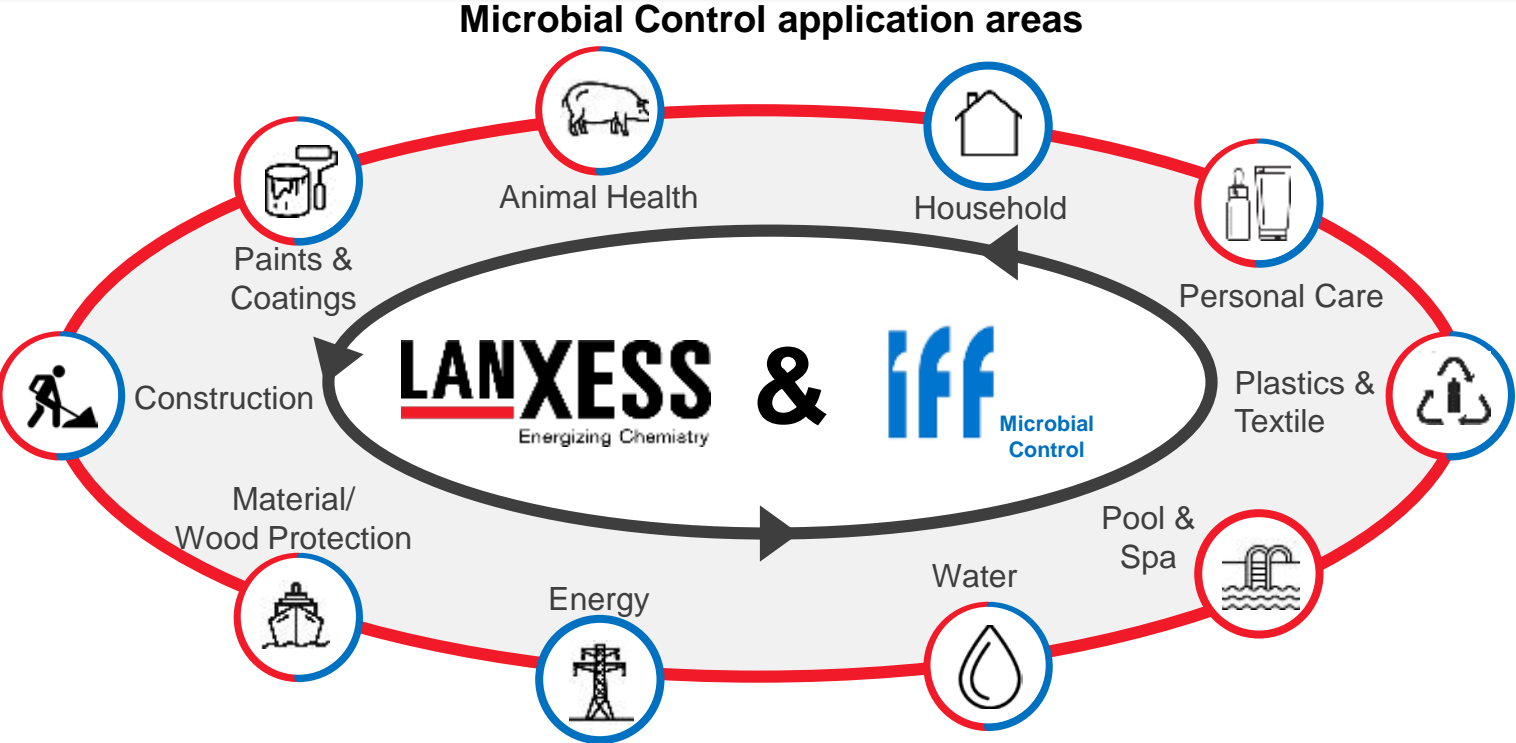
# F&F's strong set-up is boosting Consumer Protection segment



# Combining MPP+IFF MC enables complete service across all common microbial control application areas



## LANXESS & IFF MC: complementing activities in microbial control

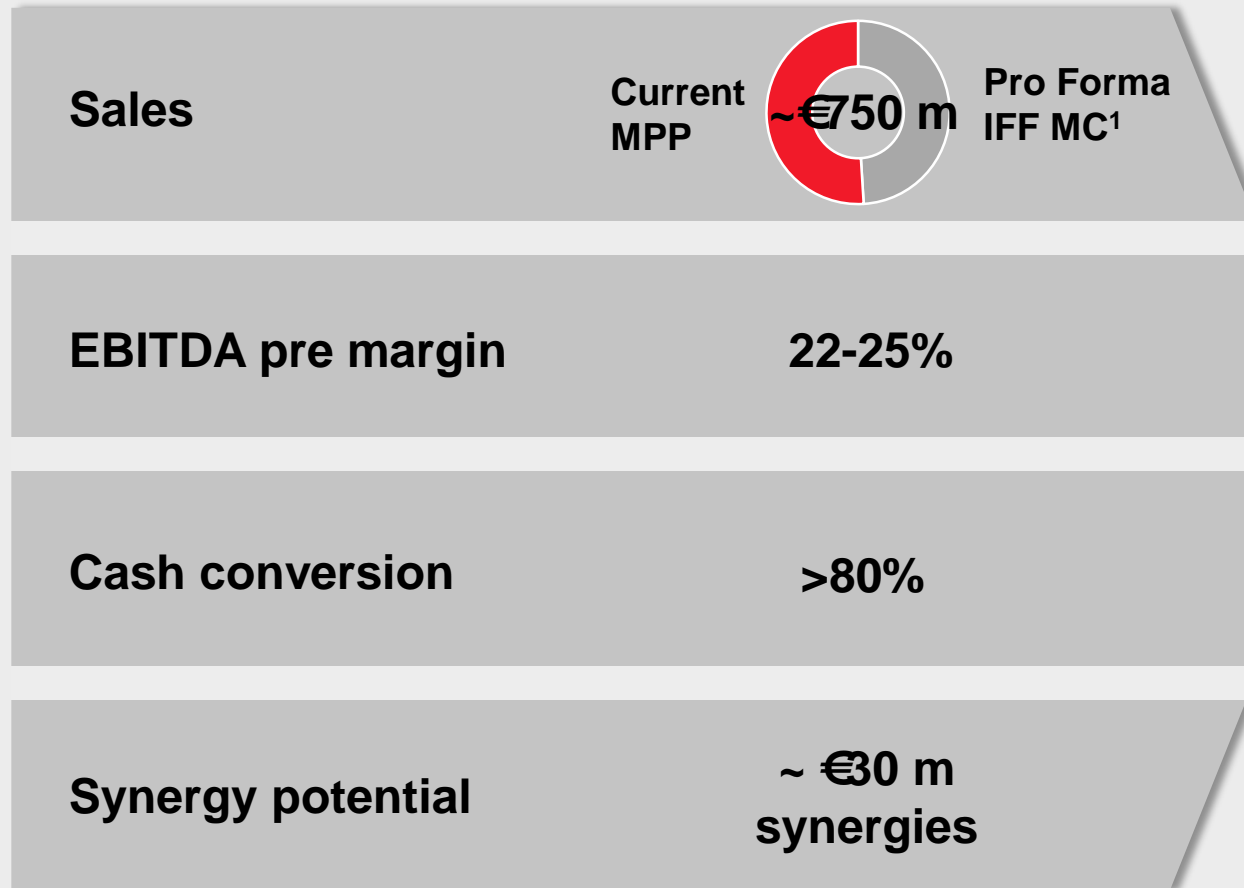


### Growth drivers

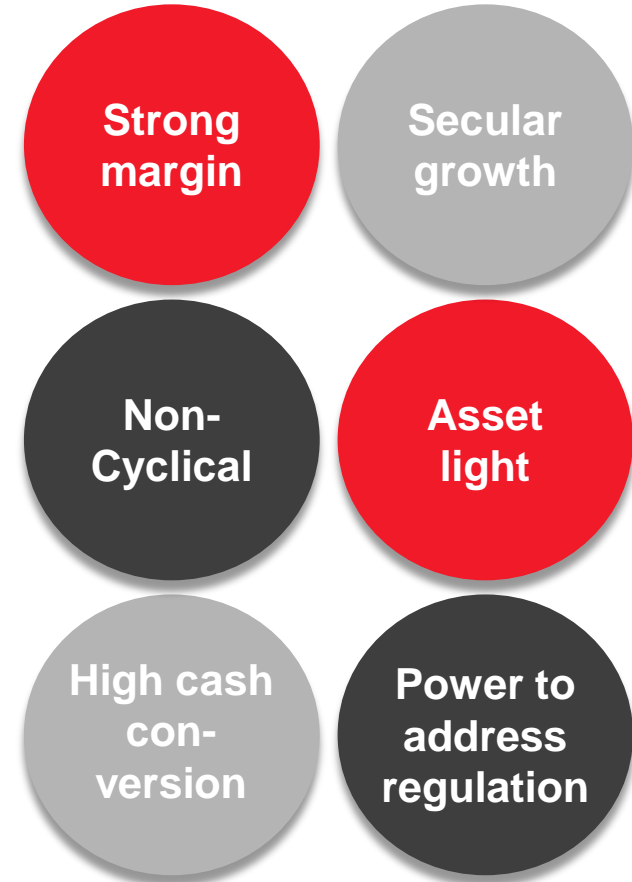
- Global virus outbreaks & trend to use less antibiotics
- Growing population and water scarcity
- Urbanization in emerging countries
- Infrastructure measures boost global construction demand

Secular growth well above GDP

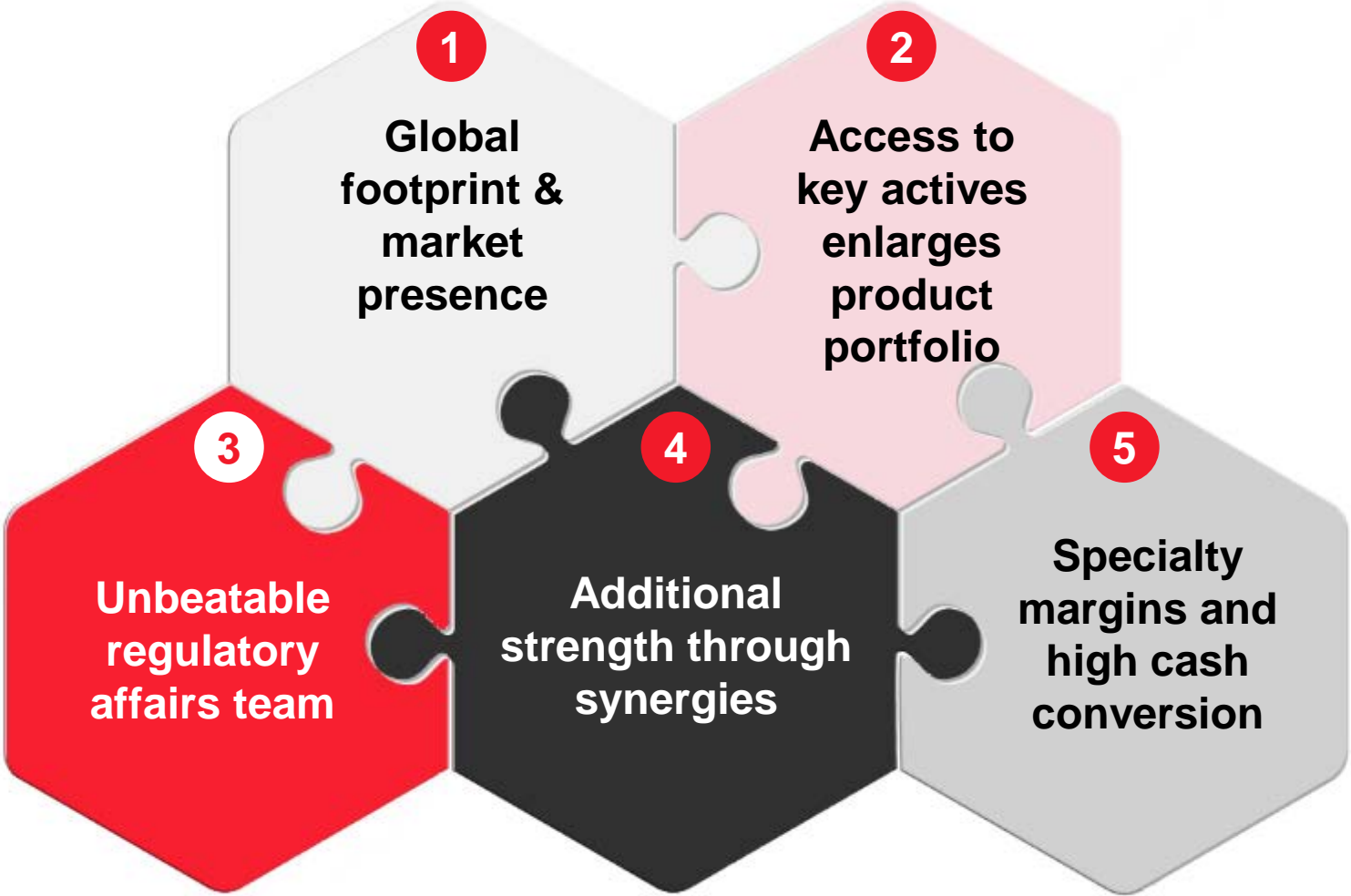
# Financials: Enhancing MPP's strong financial profile



## Investment criteria met



# Combining MPP+IFF MC creates unique global position in biocides & microbial control



# Consumer Protection earnings to double



Specialty chemistry business driving group margin

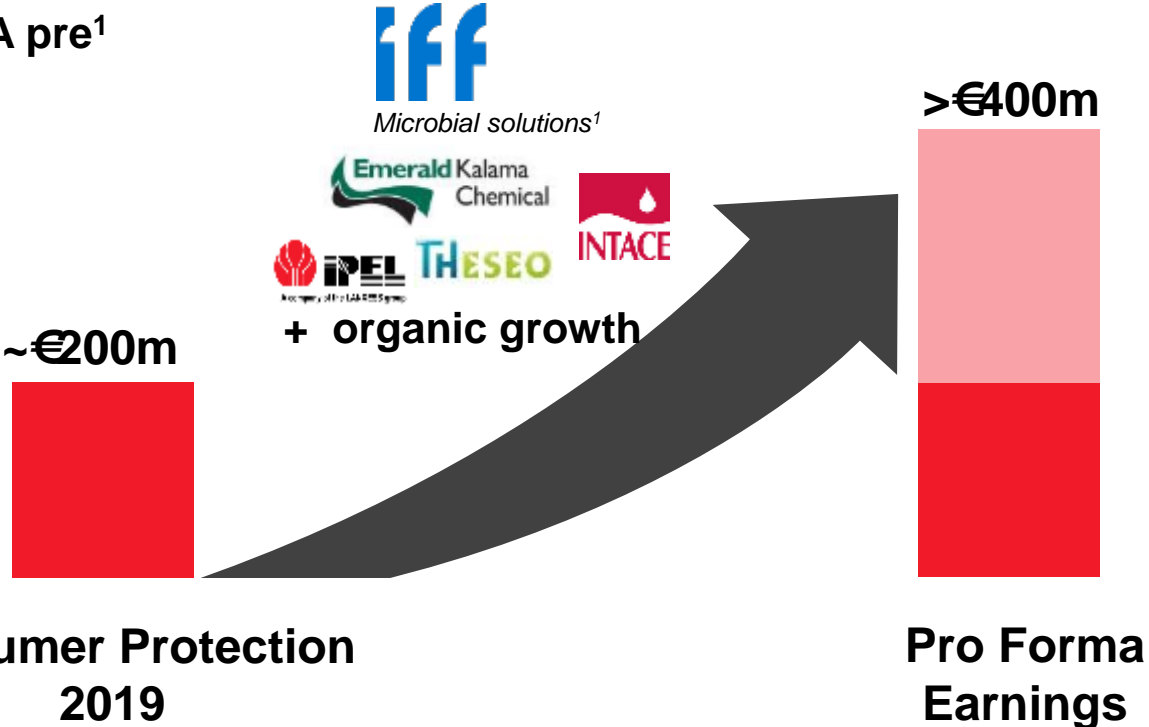


Adding strong cash generation



Resilient financials

EBITDA pre<sup>1</sup>

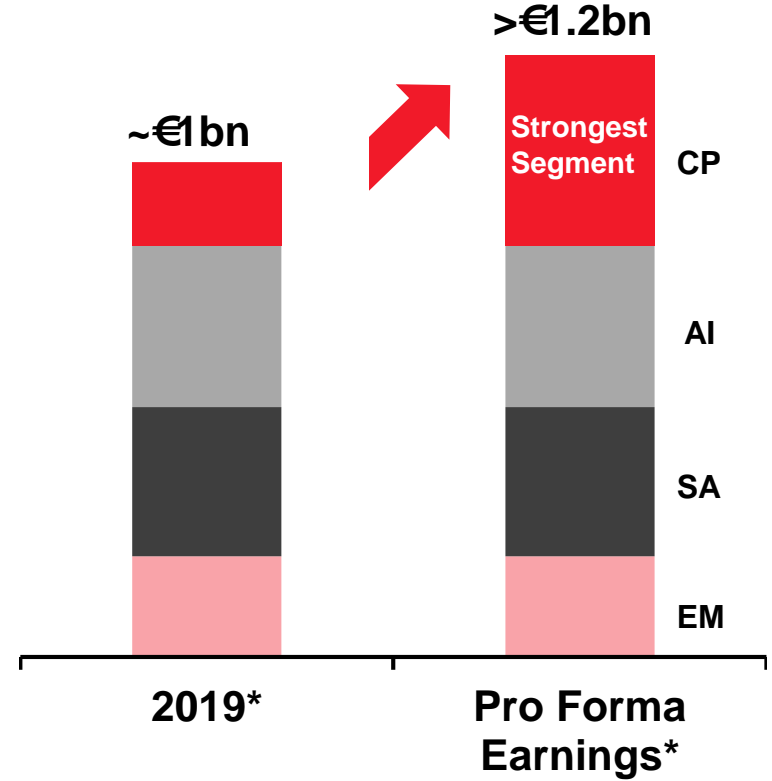


Growing margins & resilience as Consumer Protection exposure broadens

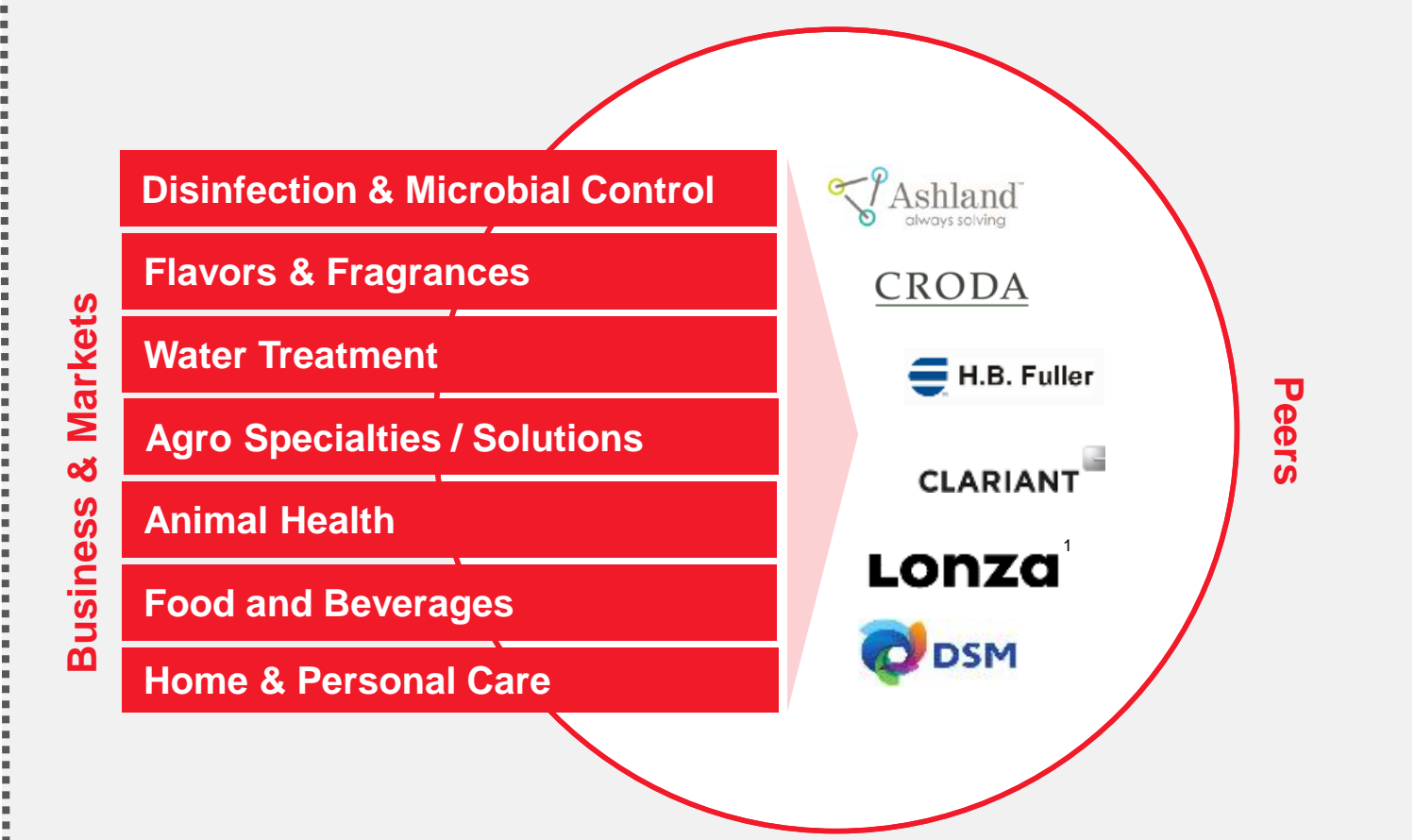
# High-quality businesses strengthen LANXESS and change the face of the company



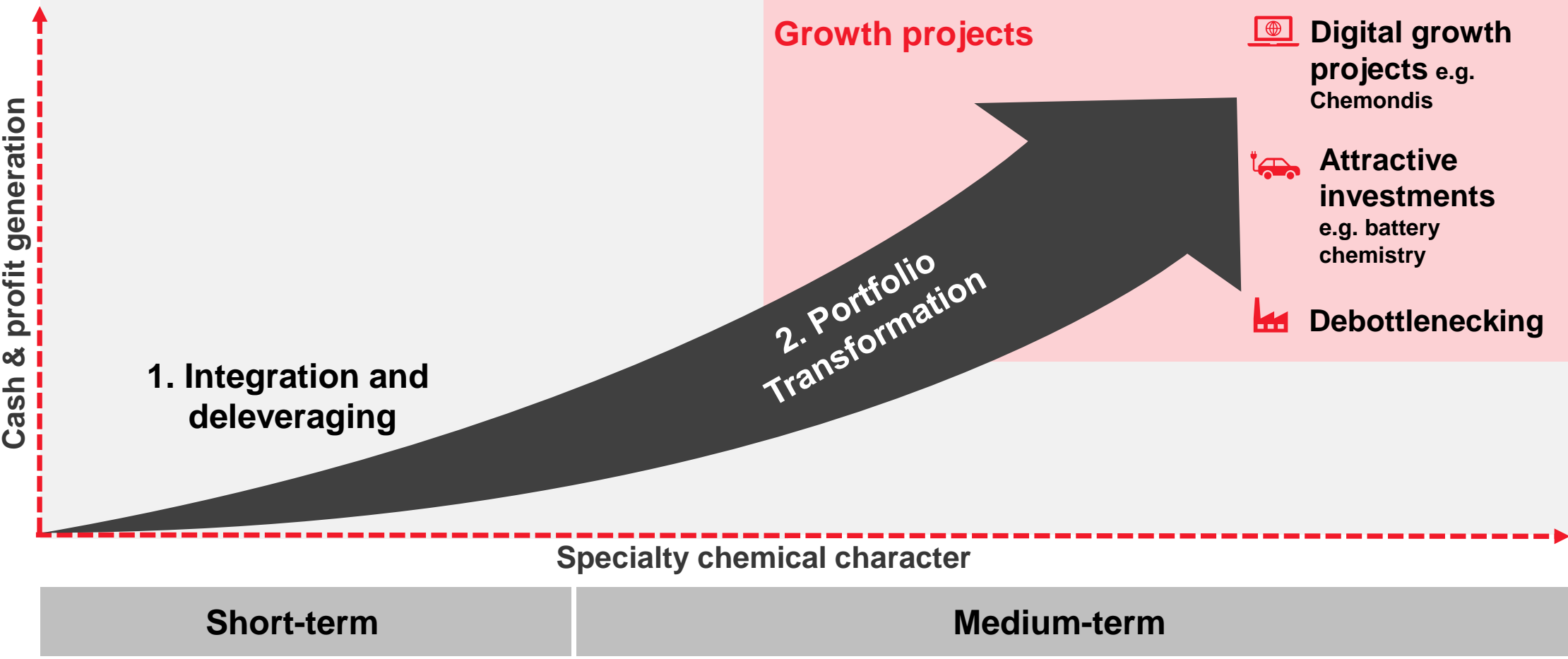
Acquisitions made Consumer Protection strongest segment



Consumer Protection active in a high multiple universe



# Our transformation journey continues with concrete growth projects

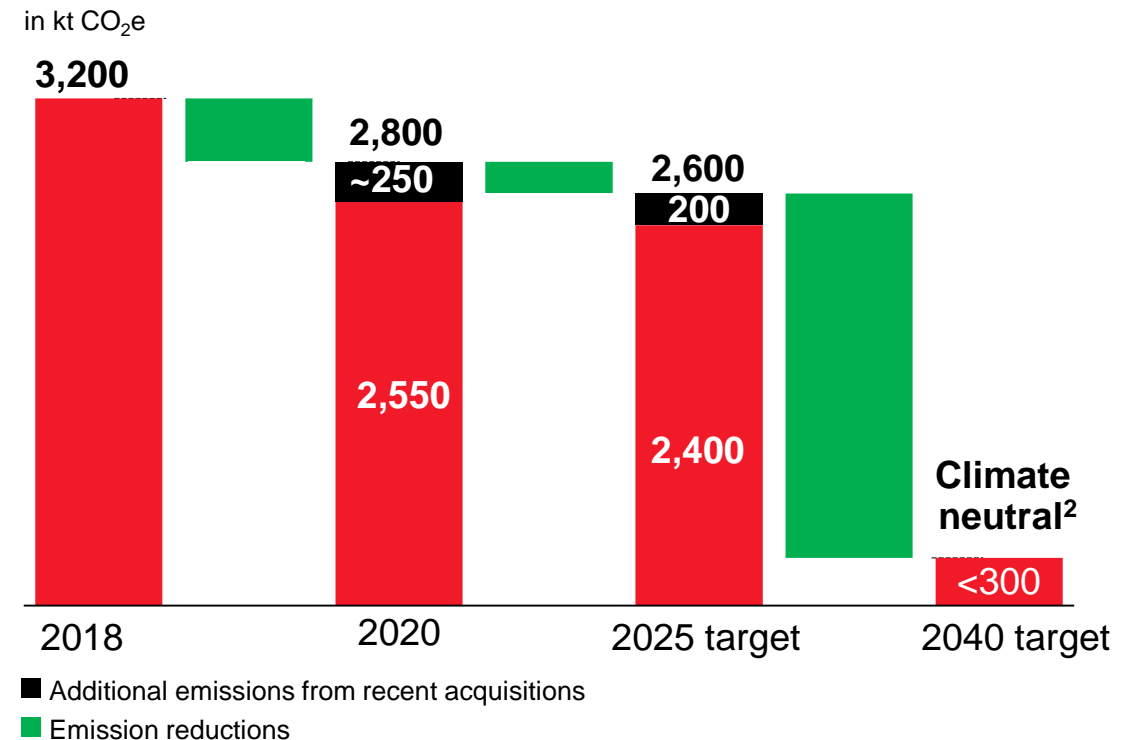


# Recent acquisitions support our climate neutral target by 2040 – adjusting medium term step

## New business meets sustainability criteria

- EKC's and IFF's locations will be upgraded to LANXESS' standards in order to meet our emission reduction targets
- 2025 target slightly adjusted to reflect additional carbon reduction effort
- Climate neutral target by 2040 confirmed

## CO<sub>2</sub>e scope 1+2 emissions<sup>1</sup>



**We are on track to achieving our climate neutral target by 2040**

<sup>1</sup> Emissions based on Scope 1 + Scope 2, numbers rounded, in thousand metric tons of CO<sub>2</sub> equivalents | <sup>2</sup> Climate neutral: Less than 300,000 tons of CO<sub>2</sub> equivalents per year. These will be reduced through compensation measures.



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**2 Financial and business details Q3 2021**

**3 Back-up**



# Strong EBITDA pre improvement based on successful raw material price pass-through

<b>EBITDA pre growth (YoY)</b>	<u>Q1</u> -1%	<u>Q2</u> +24%	<u>Q3</u> +44%	
<b>Operational sales development (YoY)</b>	<u>Q1</u> Price: -2% Volume: +5%	<u>Q2</u> +10% +22%	<u>Q3</u> +19% +10%	
<b>Various burdens</b>	<ul style="list-style-type: none"><li>▪ Logistic constrains and higher freight costs</li><li>▪ Reduced waste management capacity (incident at Currenta in Leverkusen)</li><li>▪ Further energy costs inflation</li><li>▪ Shutdowns in China due to electricity rationing</li></ul>			

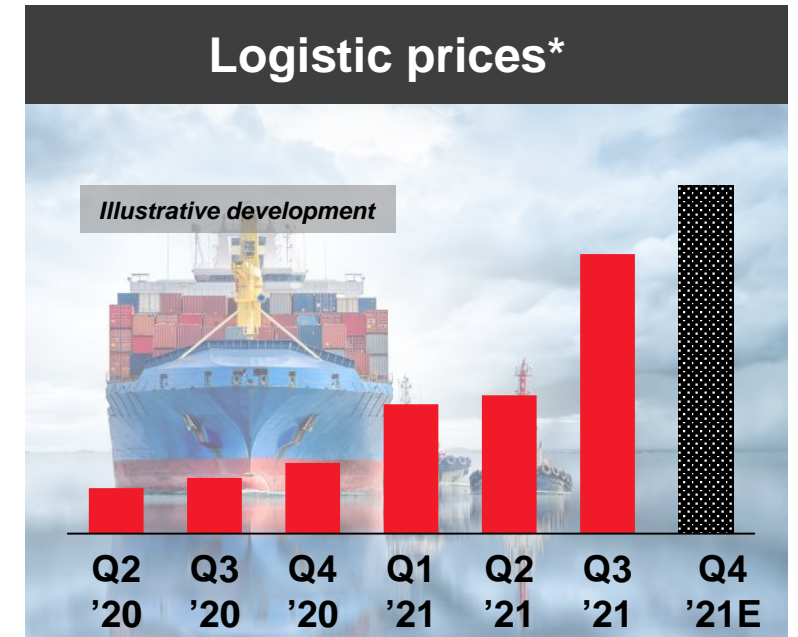
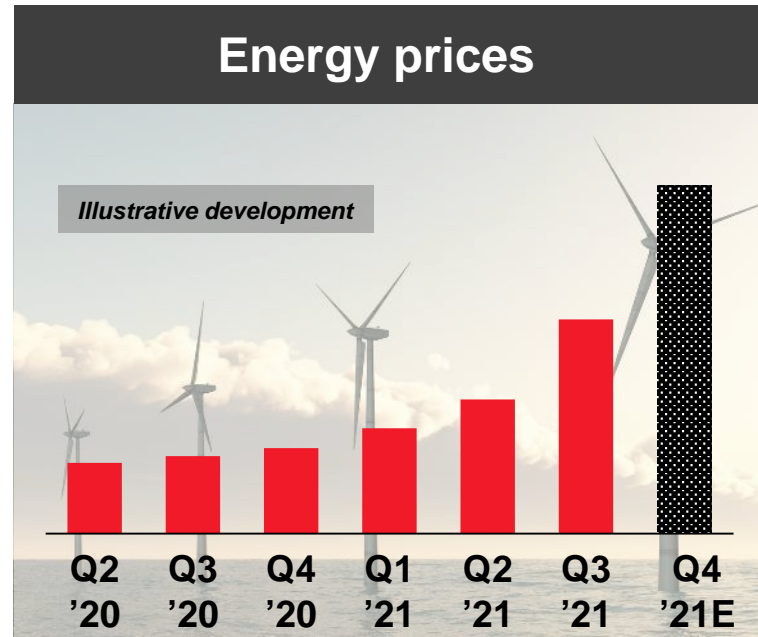
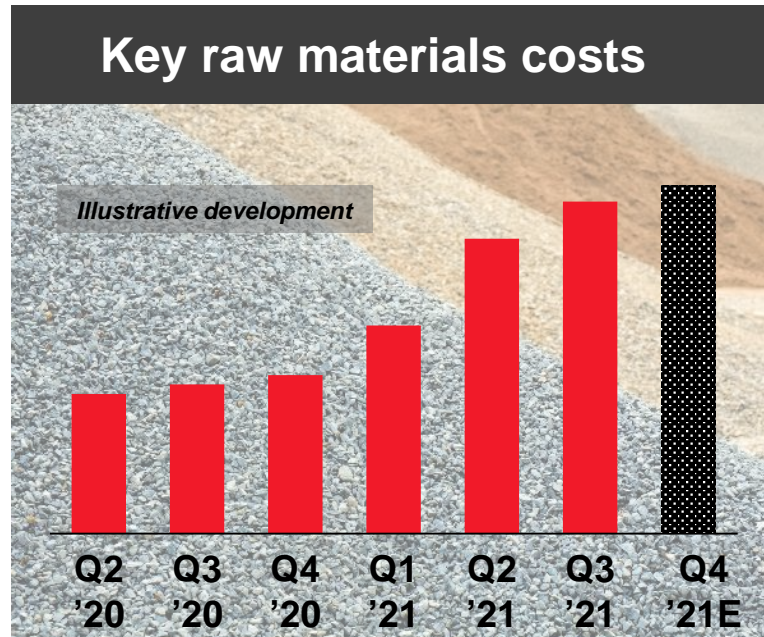
# Q3 2021: Increased results in all segments, EKC contribution included for the first time

## Highlights

- Portfolio:
  - Acquisition of IFF Microbial Control business announced
  - Emerald Kalama Chemical (EKC) consolidated as of August
- Earnings of all segments above PY, strong increase in Specialty Additives and Engineering Materials
- Operating cash flow impacted by inflated working capital
- Placement of €500 m benchmark bond with a zero coupon



# Unprecedented increase in input costs addressed by proactive pricing campaigns



**Raw material prices successfully passed on**

**Further energy / logistic related price increases are ongoing**

# Full cash flow transparency: Operational strength of cash flow overshadowed by temporary effects

[€m]	Q3 2021	9M 2021	
<b>Operating CF</b>	105	128	
W/C outflow	200	511	Primarily price driven, ease expected in 2022
IT Projects/SAP upgrade	~5	~15	Will ease in 2023
Digitalization/Chemondis	~5	~15	Will ease in 2022
Restructuring	~10	~15	Will ease in 2022
M&A/Integration	~25	~50	
Buy-side	~20	~40	Will go down significantly in 2022 <sup>1</sup>
Sell-side	~5	~10	Depending on projects
Incremental others	~50	~85	
Energy, logistics, etc. Unplanned outages			Pass-on of cost burdens in 2022 Burden for incidents is temporary
<b>Underlying operating CF</b>	<b>~400</b>	<b>~820</b>	

**LANXESS top priority: Focus on cash generation in 2022 and beyond!**

<sup>1</sup> Integration OTCs as announced with signing documents

# LANXESS stays on course for a more sustainable environment

## Sustainalytics ESG risk rating update

- LANXESS now part of Top 25% in Chemicals industry
- Improvements in particular in area of water management and GHG emission scope and reporting



## Green cyclohexane supplied to LANXESS

- bp and LANXESS join forces on renewable raw materials for engineering materials production
- Sustainably produced cyclohexane supplied to LANXESS production site in Antwerp starting in the fourth quarter of 2021
- High-performance materials are the solution for many sustainable products, for example in various e-mobility applications




# Leading ESG rating providers honor our performance



**MSCI**

BBB → A → AA

Convincing climate strategy  
Ongoing improvement: Water Stress & Chemical Safety



**ISS ESG**

C → B-

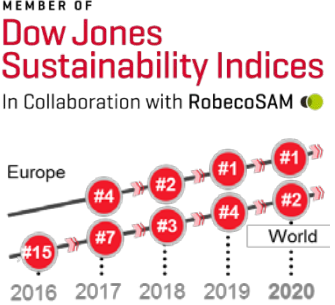
Prime status  
Top 8%



**CDP**  
DISCLOSURE INSIGHT ACTION

A (2016), A (2017), A- (2018), A (2019), A (2020)

Climate leader  
Top 5%



MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

Europe: #4 (2016), #7 (2017), #3 (2018), #4 (2019), #1 (2020)  
World: #15 (2016), #2 (2017), #3 (2018), #4 (2019), #2 (2020)

Top 10% in DJSI World (10<sup>th</sup> year)  
DJSI Europe (4<sup>th</sup> year)

## LANXESS' performance is also recognized by further ESG indices and rating providers



**Bloomberg**  
Gender-Equality Index  
2021



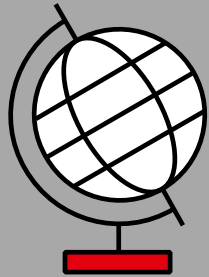
PLATINUM Top 1%  
2021  
**ecovadis**  
Sustainability Rating



**vigeo eiris**



**SUSTAINALYTICS**

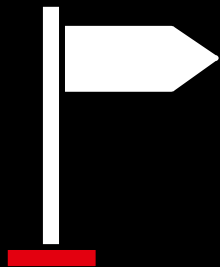


## Current view on economy

- Strong demand in most end industries, improvements in aviation and oil & gas expected

## LANXESS outlook

- **FY 2021 EBITDA pre expected €1,000 - 1,050 m, however, at lower end of corridor due to**
  - Logistic constrains and higher freight costs
  - Reduced waste management capacity (incident at Currenta in Leverkusen)
  - Further energy costs inflation
  - Shutdowns in China due to electricity rationing





# LANXESS Group:

## Strong earnings held back by soaring energy costs

**Ongoing strong demand in inflationary environment**

Price **+19%** Volume **+10%** FX **0%** Portfolio **+5%**

Total **+34%**

Q3 Sales vs. PY

[€m]*	Q3/2020	Q3/2021	Δ	9M 2020	9M 2021	Δ
Sales	1,461	1,951	34%	4,601	5,475	19%
EBITDA pre	193	278	44%	662	797	20%
Margin	13.2%	14.2%		14.4%	14.6%	
CAPEX	102	109	7%	264	271	3%

- Significant sales rise due to price increases and higher volumes
- All segments contribute earnings above PY level, particularly Specialty Additives and Engineering Materials
- EBITDA pre significantly above previous year level driven by successful price pass-on and ongoing volume growth
- Soaring energy and logistic costs prevent stronger development

\* From continuing operations



# Advanced Intermediates: Strong pricing and continuous increase in volumes

**Higher raw material prices successfully passed-on**

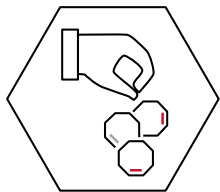
[€m]*	Q3/2020	Q3/2021	Δ	9M 2020	9M 2021	Δ
Sales	414	533	29%	1,327	1,527	15%
EBITDA pre	71	84	18%	256	257	0%
Margin	17.1%	15.8%		19.3%	16.8%	
CAPEX	28	31	11%	79	83	5%

Price **+23%**   Volume **+6%**   FX **0%**   Portfolio **0%**

Total **+29%**

Q3 Sales vs. PY

- Sales boost driven by significantly higher prices as a consequence of increased raw material costs and improved volumes in both BUs
- AI is most energy-intensive segment at LXS. Therefore, EBITDA pre and especially margin are impacted by soaring energy costs
- EBITDA pre development supported by raw-material price pass-through and higher volumes, while increased logistic costs additionally burden



# Specialty Additives: Best quarterly EBITDA in history

**Strong volume and  
Price recovery in all  
business units**

[€m]*	Q3/2020	Q3/2021	Δ	9M 2020	9M 2021	Δ
Sales	466	605	30%	1,482	1,690	14%
EBITDA pre	59	102	73%	210	265	26%
Margin	12.7%	16.9%		14.2%	15.7%	
CAPEX	29	30	3%	69	70	1%

Price **+15%** Volume **+13%** FX **-1%** Portfolio **+3%**

Total **+30%**

Q3 Sales vs. PY

- Sales increase driven by improved prices and rising volumes across all BUs
- Demand driven by strong development especially in construction, transportation and industrial end markets, aviation and oil & gas recovering
- Significant EBITDA pre and margin improvement despite increased logistic costs and constraints



# Consumer Protection: Contribution from BU F&F partly offset by production issues in BU SGO

**New business unit  
F&F consolidated  
for the first time**

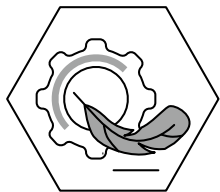
Price **+3%**   Volume **+1%**   FX **+1%**   Portfolio **+22%**

Total **+27%**

Q3 Sales vs. PY

[€m]	Q3/2020	Q3/2021	Δ	9M 2020	9M 2021	Δ
Sales	278	353	27%	858	957	12%
EBITDA pre	59	60	2%	194	194	0%
Margin	21.2%	17.0%		22.6%	20.3%	
CAPEX	15	22	47%	37	48	30%

- Sales increase mainly driven by BU F&F as expected
- Impact in BU Saltigo by unplanned shutdown and high energy costs nearly offsets EBITDA contribution from new BU F&F; EBITDA margin burdened accordingly
- Continuously good performance in BU MPP and BU LPT



# Engineering Materials: Another strong quarter

## Successful pricing

[€m]	Q3/2020	Q3/2021	Δ	9M 2020	9M 2021	Δ
Sales	285	436	53%	876	1,237	41%
EBITDA pre	33	62	88%	110	189	72%
Margin	11.6%	14.2%		12.6%	15.3%	
CAPEX	19	12	-37%	39	34	-13%

Price **+36%** Volume **+17%** FX **0%** Portfolio **0%**

Total **+53%**

Q3 Sales vs. PY

- Sales increase based on continued strong demand from auto industry and raw material price pass-through
- Volumes and prices significantly increased in both BUs
- EBITDA pre and margin rise on improved volumes and higher prices, despite higher energy and logistic costs

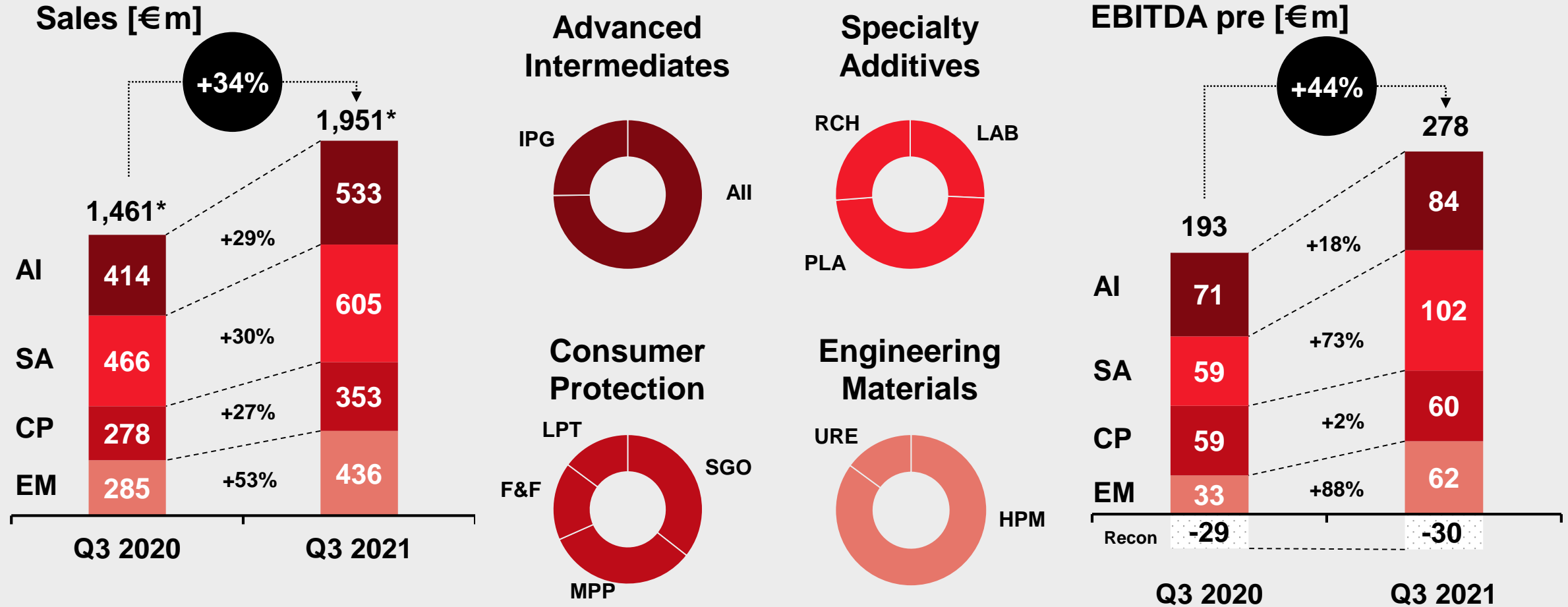
# P&L Q3: Visible improvement in earnings quality

[€m]	Q3/2020		Q3/2021		yoy in %
Sales	1,461	(100%)	1,951	(100%)	34%
Cost of sales	-1,111	(-76%)	-1,469	(-75%)	32%
Selling	-184	(-13%)	-241	(-12%)	31%
G&A	-57	(-4%)	-70	(-4%)	23%
R&D	-26	(-2%)	-31	(-2%)	19%
<b>EBIT</b>	<b>53</b>	<b>(4%)</b>	<b>104</b>	<b>(5%)</b>	<b>96%</b>
<b>Net Income</b>	<b>26</b>	<b>(2%)</b>	<b>74</b>	<b>(4%)</b>	<b>&gt;100%</b>
<b>EPS pre*</b>	<b>0.66</b>		<b>1.41</b>		<b>&gt;100%</b>
EBITDA	170	(12%)	237	(12%)	39%
thereof except.	-23	(-2%)	-41	(-2%)	78%
<b>EBITDA pre except.</b>	<b>193</b>	<b>(13.2%)</b>	<b>278</b>	<b>(14.2%)</b>	<b>44%</b>

- Successful cost management in inflationary environment
- Higher G&A reflect portfolio effect (acquisitions and leather divestment) and gradual phase- out of Corona measures
- Strong earnings due to high demand but held back by higher energy and logistic costs

\* From continuing operations

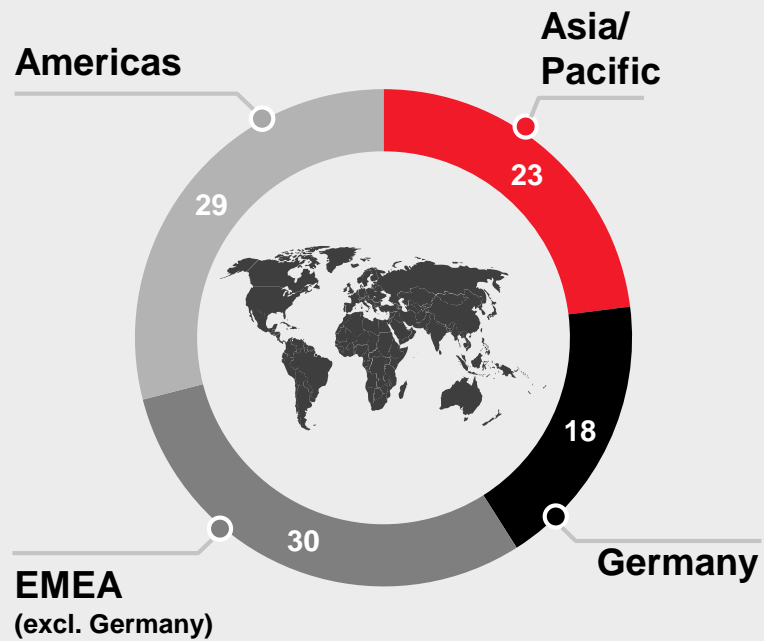
# Q3 2021: All segments improved



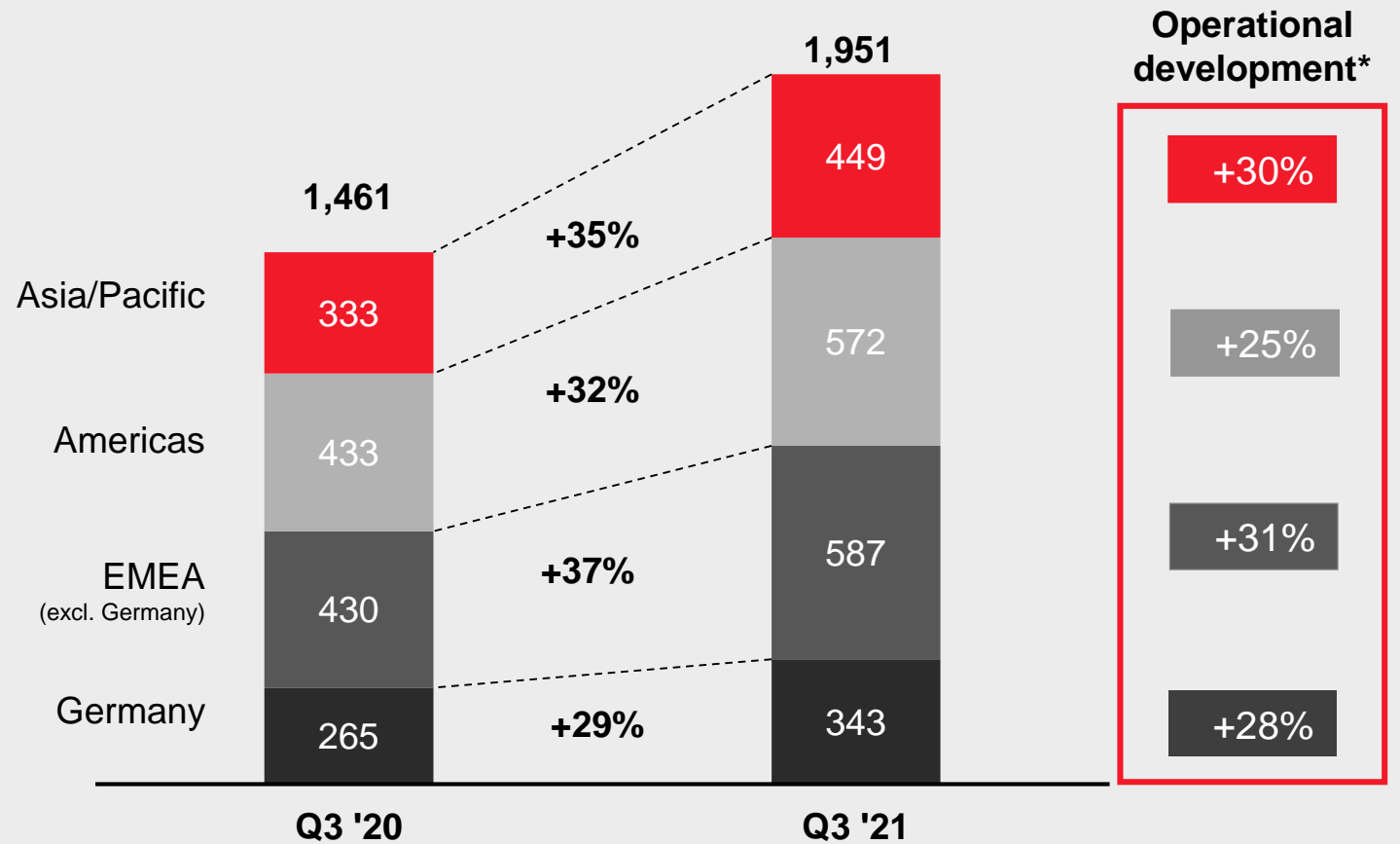
\* Total group sales including reconciliation

# Q3 2021: Significant operational improvement in all areas

Q3 2021 sales by region [%]



Regional development of sales [€m]



\* Currency and portfolio adjusted



# Operating cash flow impacted by increased working capital

[€m]	Q3/2020	Q3/2021	Δ
<b>Operating cash flow*</b>	<b>167</b>	<b>105</b>	<b>-62</b>
thereof changes in working capital	27	-200	-227
<b>Investing cash flow*</b>	<b>-74</b>	<b>-656</b>	<b>-582</b>
thereof capex	-102	-109	-7
thereof payments for acquisitions / proceeds from divestments	6	-878	-884

- Operating cash flow impacted by
  - Significant increase in inventories due to volume rise and inflated raw material prices
  - Higher receivables driven by increased sales
- Investing cash flow:
  - Net amount in 2021 includes purchase price for Emerald Kalama Chemical and divestment proceeds from chrome mine and organic leather business

\* Applies to continuing operations

# Strong balance sheet

[€m]	31.12.2020	30.09.2021
<b>Total assets</b>	<b>8,880</b>	<b>9,570</b>
Equity	2,999	3,602
<b>Equity ratio</b>	<b>34%</b>	<b>38%</b>
<b>Net financial debt<sup>1</sup></b>	<b>1,012</b>	<b>2,243</b>
Cash, cash equiv., short term money market inv.	1,794	600
<b>Pension provisions</b>	<b>1,205</b>	<b>903</b>
<b>Net working capital</b>	<b>1,134</b>	<b>1,757</b>
DSI (in days) <sup>2</sup>	64	69
DSO (in days) <sup>3</sup>	45	50

- Increase in total assets results from increase in working capital and EKC acquisition (closed in Aug)
- Higher equity reflects positive net income and OCI effects (pensions, FX)
- Increase in net financial debt driven by payment of purchase price for EKC
- Lower pension provisions due to interest rate increase and good asset performance
- Strong increase in working capital due to higher inventories driven by inflated raw material prices and portfolio effect (EKC) as well as higher receivables based on improved sales

<sup>1</sup> Including cash, cash equivalents, short-term money market investments

<sup>2</sup> Days sales of inventory calculated from quarterly sales

<sup>3</sup> Days of sales outstanding calculated from quarterly sales

# Agenda

**1 Strategic update**

**2 Financial and business details Q3 2021**

**3 Back-up**



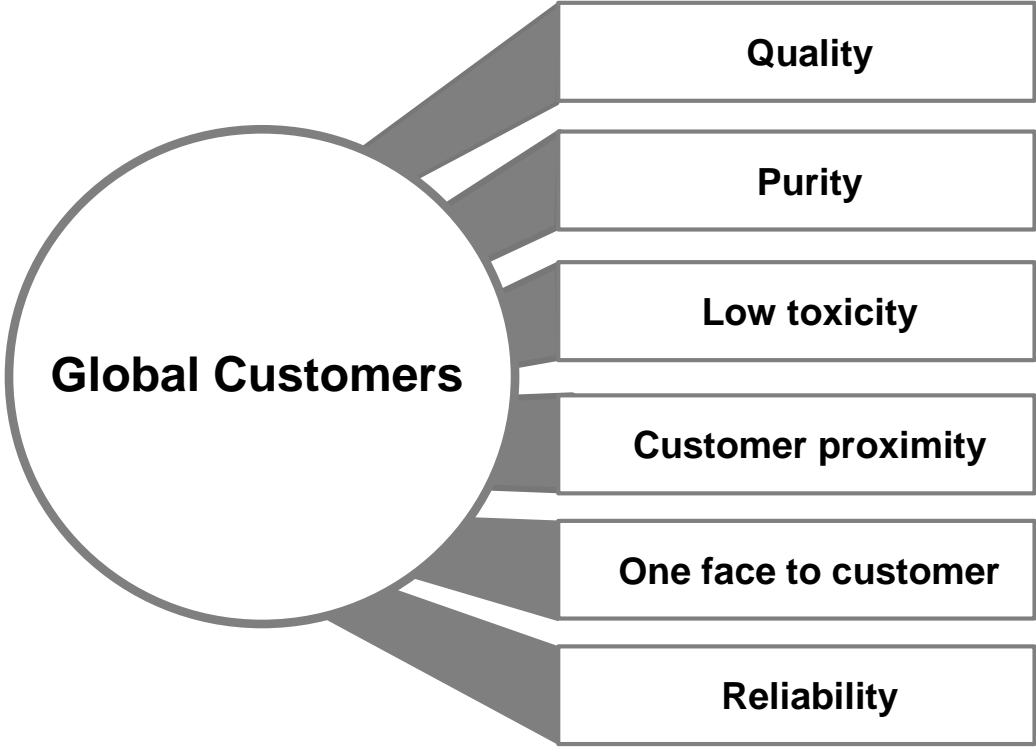
**Flavors & Fragrances: Growth  
platform for consumer markets**

# Markets & Sales: Well positioned to offer best in class solutions for our customers



## Customer requirements

## Our solutions



**Finest quality compared to peers**



**Highest purity level of preservatives<sup>1</sup>**



**Soft and nature identical preservatives<sup>2</sup>**



**Global coverage; broad collaboration areas**



**Key account organization**



**Long-term contracts & direct dialogue**

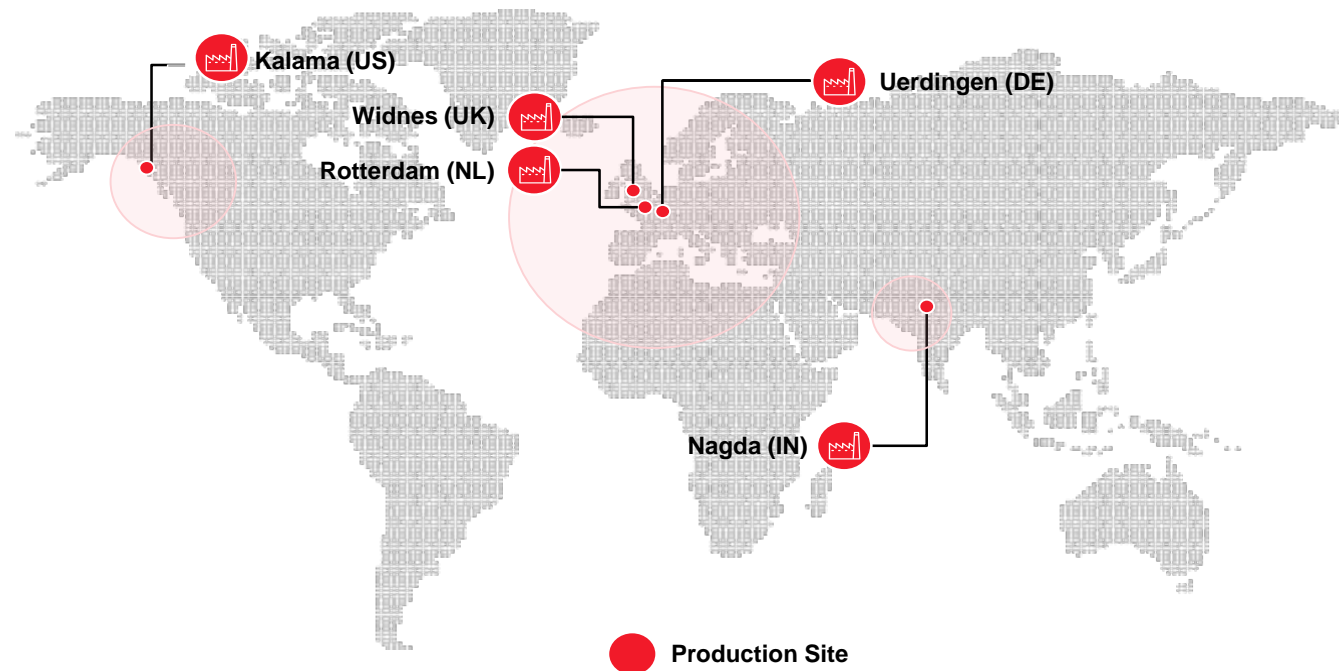
<sup>1</sup> Preservatives refer to Benzoates

<sup>2</sup> Nature identical preservatives for home & personal care products

# Production & Technology: Lean production network across the world

## Global footprint and technological advantage in benzoates


- Leading technology platform guaranteeing highest quality and purity standards
- Sole benzoate producer in NORAM
- Strong global R&D set-up driving innovation and adapting to changing market conditions



**5 production sites**

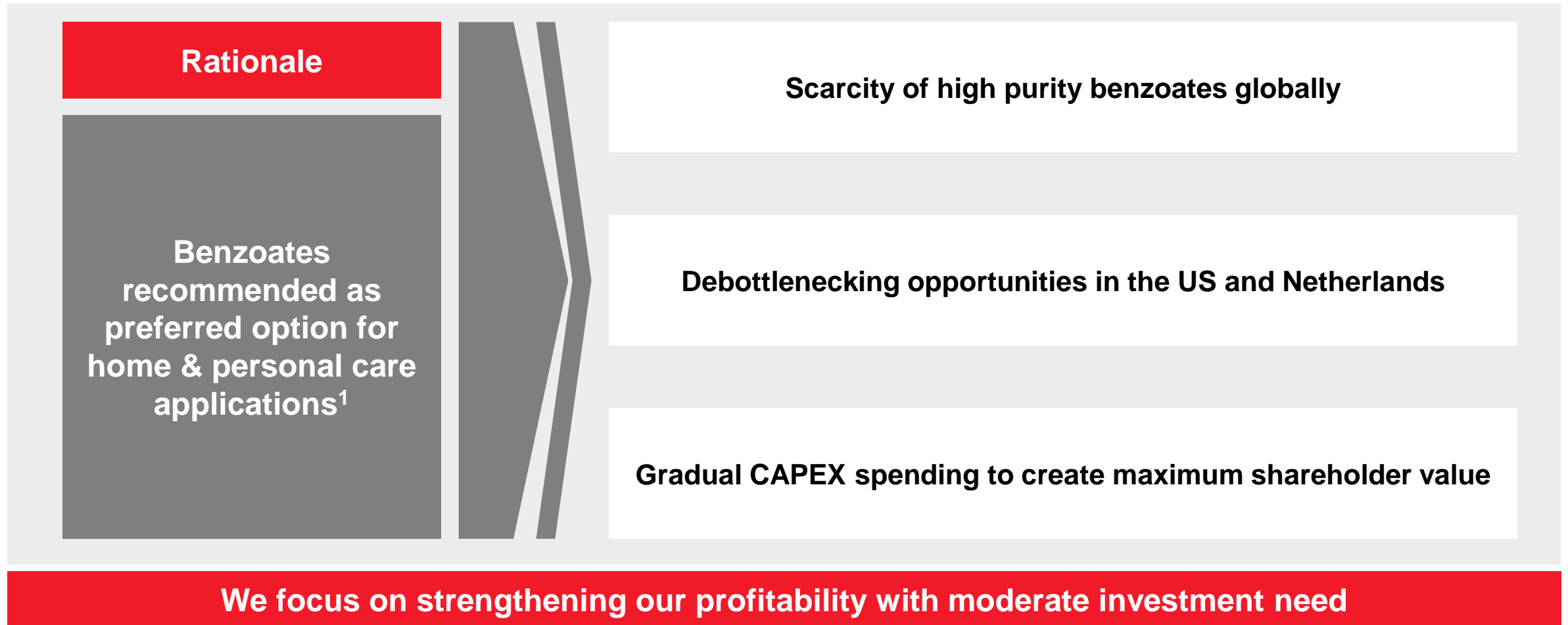
**~730 FTEs**

# Integration status: Clear roadmap to realize synergies

Integration areas	What we achieved so far	Roadmap
Management and SG&A structure	<ul style="list-style-type: none"><li>Joint management team from day one</li><li>Performance culture being formed</li></ul>	Completed 
Operations	<ul style="list-style-type: none"><li>5 world scale plants</li><li>EKC sites being upgraded to LANXESS standard</li></ul>	2024
Financials	<ul style="list-style-type: none"><li>Synergy roadmap on track</li><li>First synergy generation within 12 months</li><li>Growth potential verified</li></ul>	2024

**Total synergies of €25 m from EKC, mainly driven by F&F**

# Upside potential: Benzoate debottlenecking provides additional upside for growth

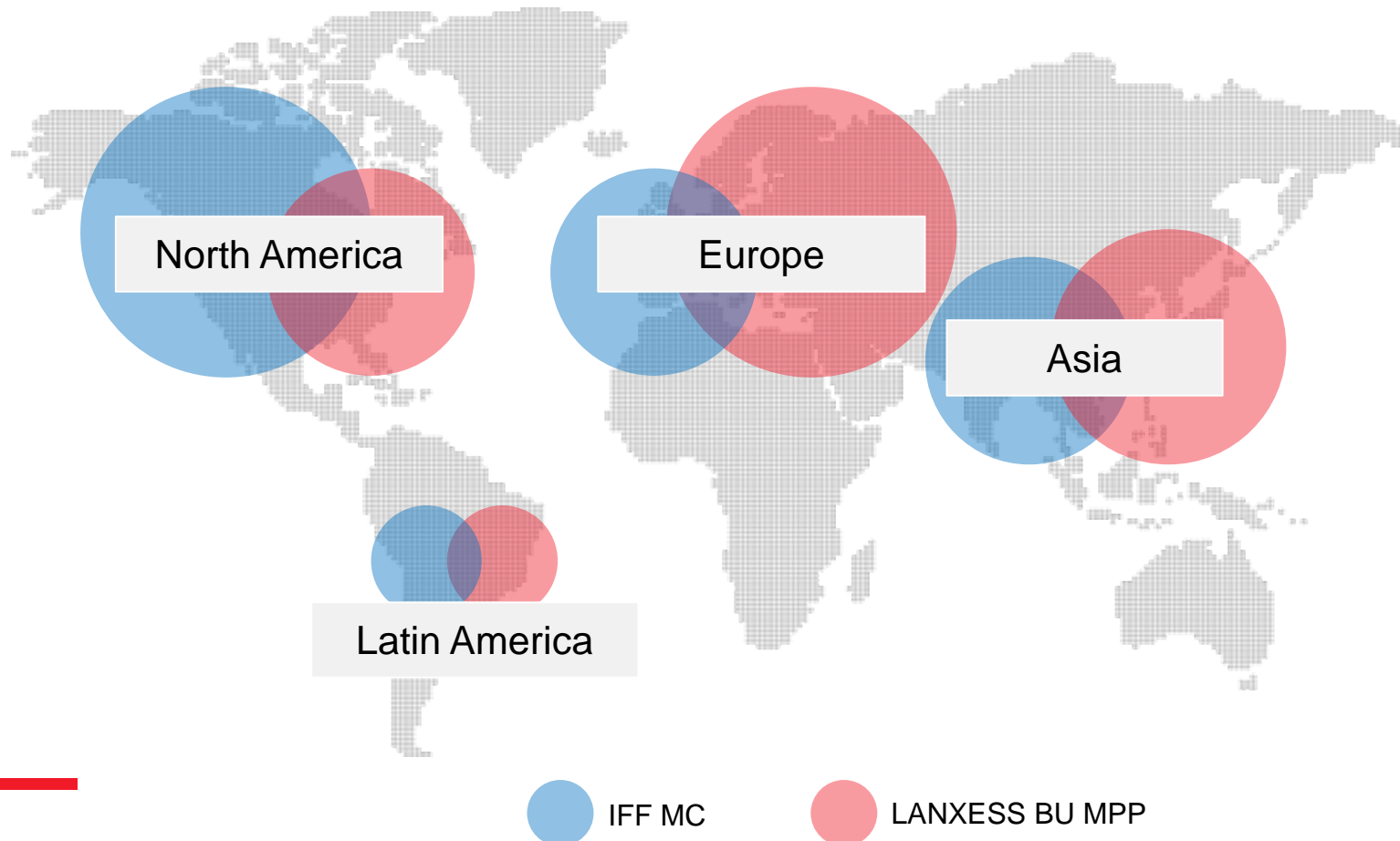




**IFF MC Acquisition: Creating another  
global player**

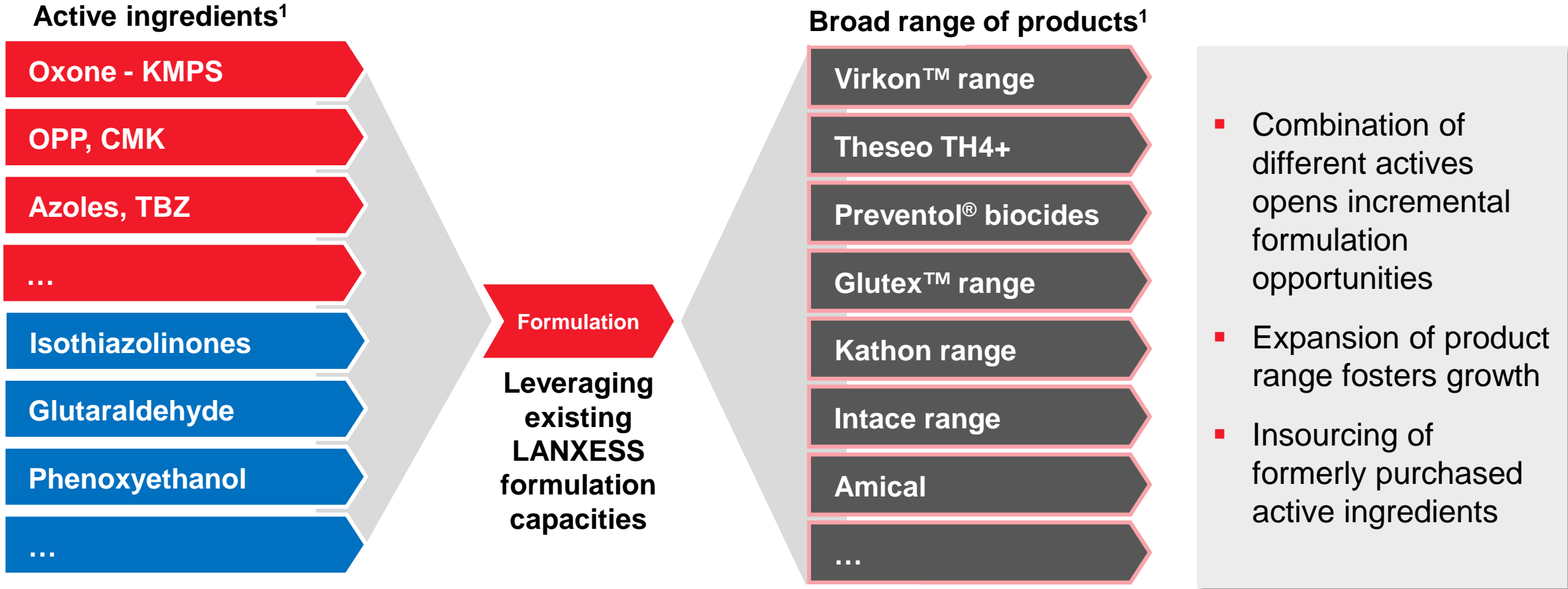
# Market presence: Leveraging regional strengths in forming a global player

## Complementary regional set-up



- Global presence now reaching new level
- Global asset structure
- Application centers in all regions
- Regulatory support in all regions

# Production & technology: Leveraging key actives & formulation capacities enlarges product portfolio



# Regulatory competence: key requirement to be active in microbial control business

## Regulatory expertise:



One of the world's largest team in chemical industry



Special strength in US/EPA approval processes

## Registrations:



~50 active ingredient registrations  
~5,000 formulation registrations



~50 active ingredient registrations  
> 1,500 formulation registrations

## Forming the leading regulatory affairs team with strong portfolio of product registrations

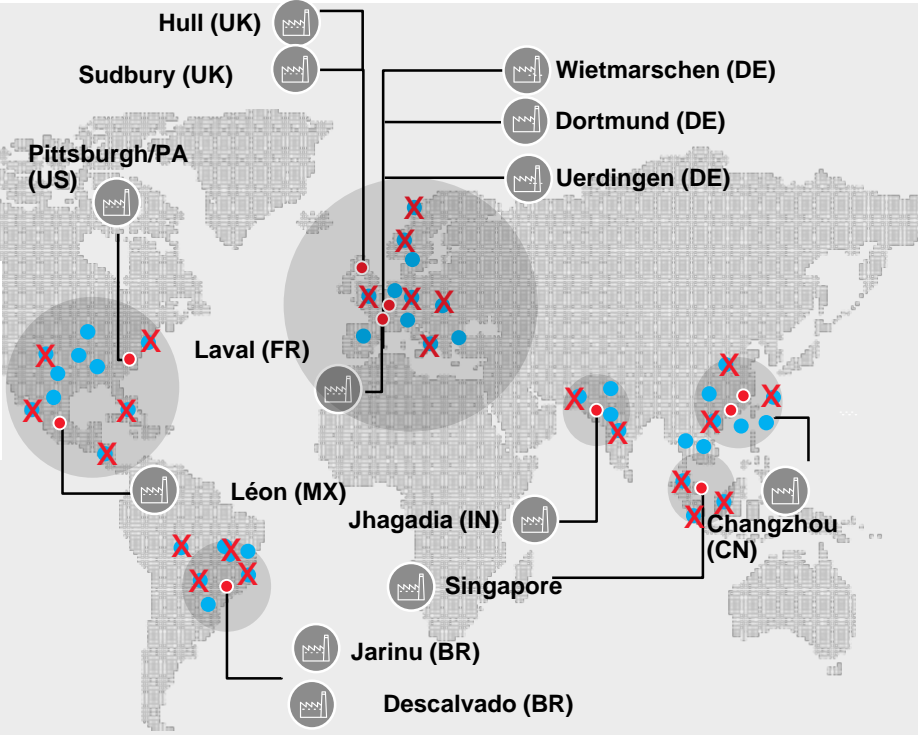
- LANXESS strong global regulatory team complemented by IFF MC experts
- Transaction includes IP-rich studies and registrations

# Cost synergies: realization will reveal full strength of the biocide business

Gradually insource IFF MC's formulation activities into existing LANXESS' capacities, esp. in Asia, LATAM

Increasing utilization levels of formulation sites

Minor debottlenecking measures and additional shifts to facilitate incremental capacity



**€20 m**  
Total cost saving potential

 Production Site       Toll manufacturers (illustrative)

# Top line synergies: Cross-selling opportunities will support fast synergy realization

Leverage existing regional strength and sales franchises



Complementing product offering to become one-stop-shop for customers



Utilize existing actives & data portfolio to jointly develop new applications



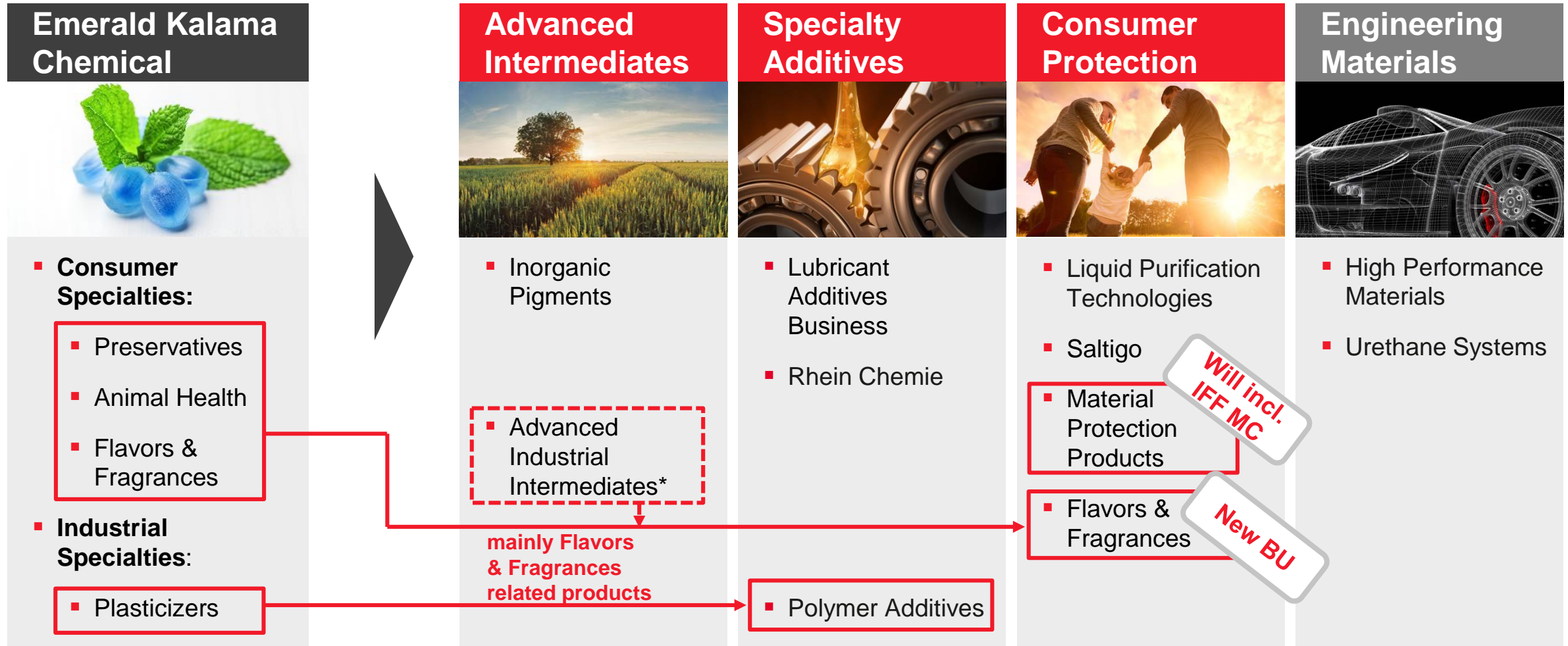
Environmental and regulatory trends drives demand for additional applications e.g. water treatment



**€10 m**

Total top line potential

# Flavor & Fragrance products combined in new business unit within the Consumer Protection segment



# IFF MC: strong financials and asset light model

## Attractive financials

Approx. \$450 m normalized sales\*

>20% EBITDA margin

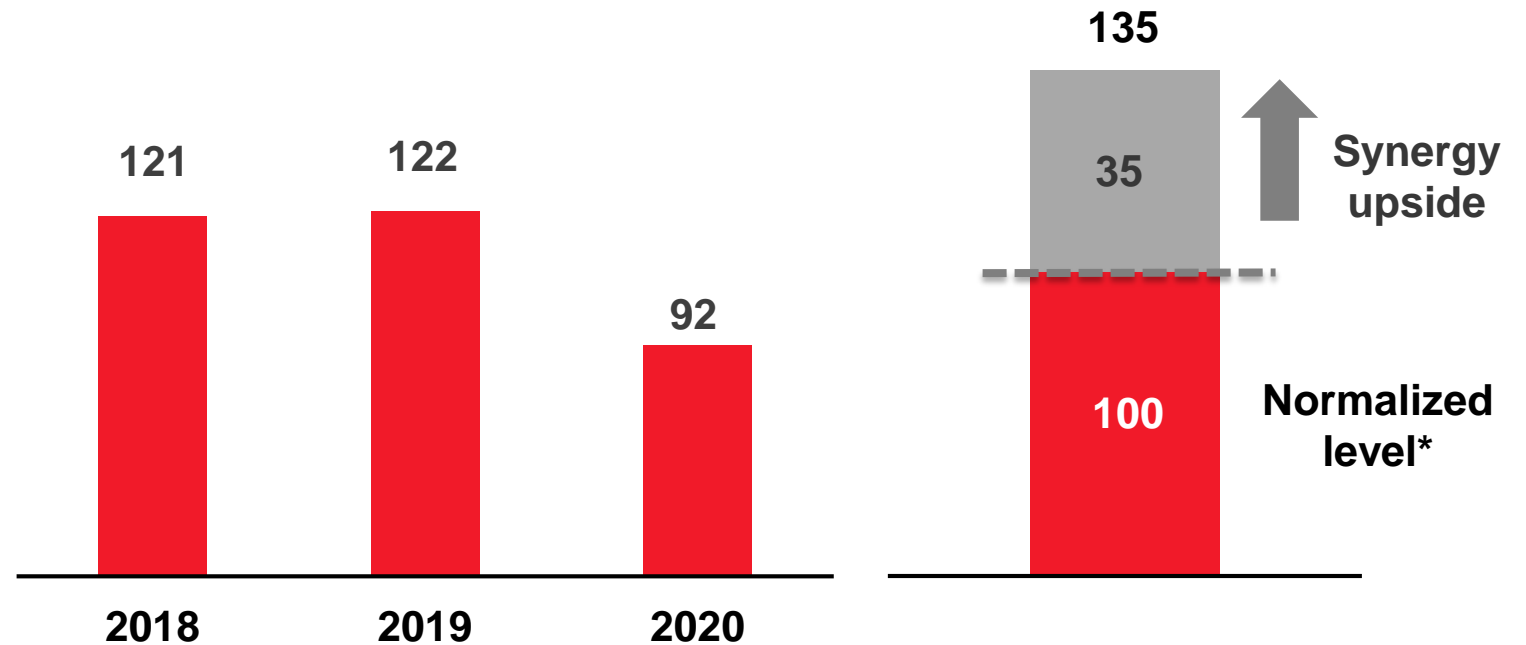
\$1.3bn EV

9.6 x EBITDA incl. \$35m synergies

Cash conversion ~ 90%

## Right point in time to seize optimal value

Transferred EBITDA pre in \$m





# IFF MC: Targeting €30m synergies, thereof €25m by 2024



**Top line synergies: ~ €10m**

- Complementary geographies and customers
- Cross selling potential
- New applications: energy market and hygiene



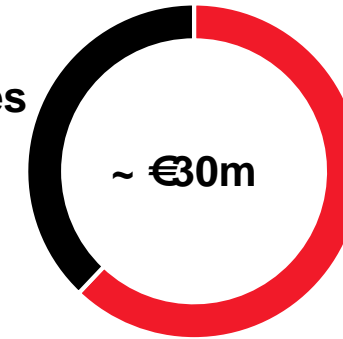
**Cost synergies: ~ €20m**

- Streamlining of sales office infrastructure
- Optimization of supply chain and distribution model
- Sourcing synergies
- Manufacturing excellence

**Substantial synergies**

*Illustrative*

**Top line synergies**



**Cost synergies**

	2022	2023	2024	2025
<b>Synergies</b>	~ €5m	~ €10m	~ €10m	~ €5m
<b>OTCs</b>	~ €15m	~ €10m	~ €5m	-
<b>CAPEX*</b>	~ €10m	~ €5m	~ €5m	-

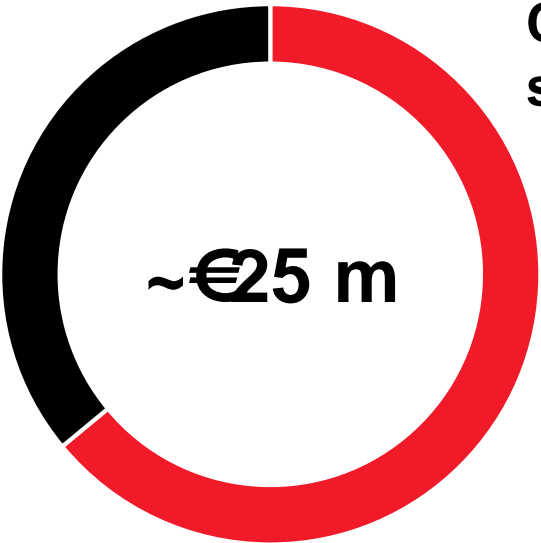
# Emerald Kalama Chemical acquisition: Synergies, OTCs and Capex step in earlier than expected

## Overview: Synergies structure

## Phasing: Synergies, OTCs and CAPEX

Illustrative

Top line synergies



Cost based synergies

update

	2021	2022	2023	2024
Synergies	<€5 m	~€10 m	~€5 m	~€5 m
OTCs	~€15 m	~€10 m	~€5 m	~€5 m
CAPEX*	~€15 m	~€15 m	~€15 m	~€10 m

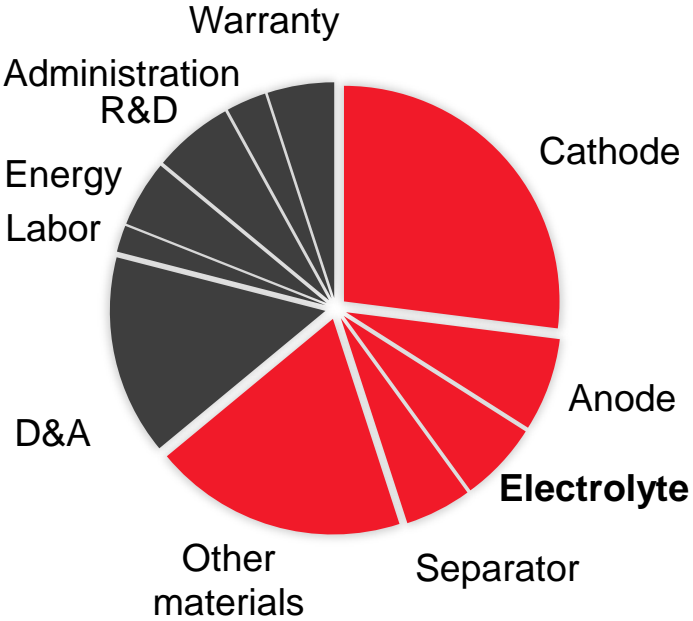
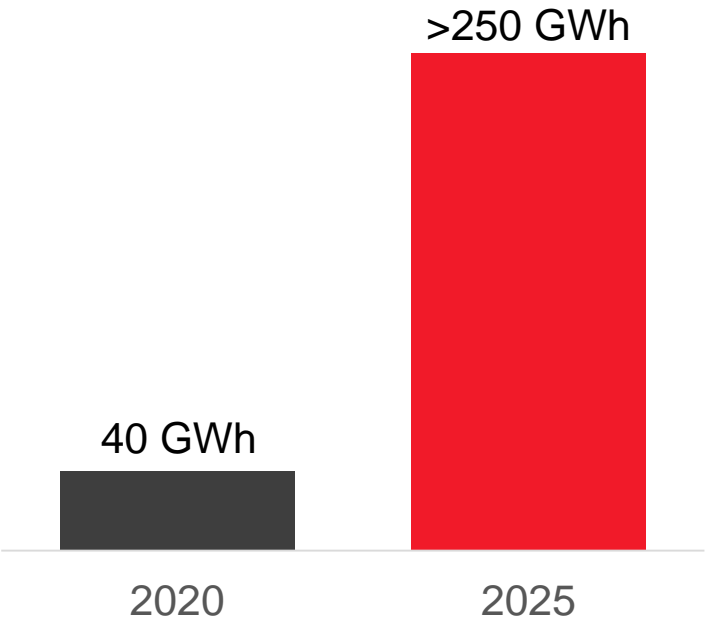
\* to upgrade the sites to LANXESS standard

OTCs = One Time Costs

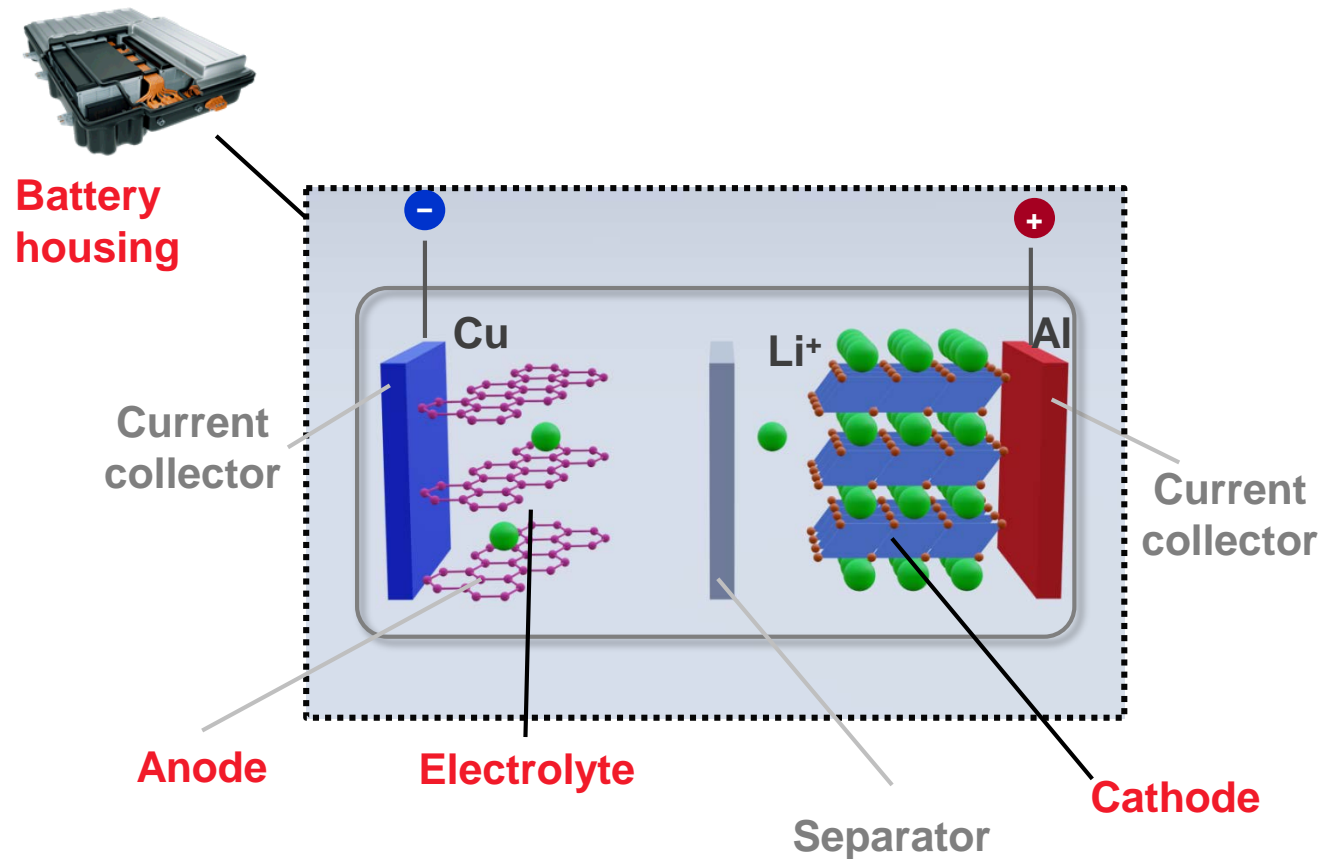
# EU market for battery chemicals to grow to over EUR 10 billion by 2025

Massive growth in demand for battery cells in the EU

Chemistry accounts for 2/3 of battery cell costs



# LANXESS offers key products for Li-Ion batteries



## Battery housing

- PA/PBT compounds for components of the e-powertrain (BU HPM)

## Electrolyte

- Key materials (Hydrofluoric acid, phosphorus chemicals) for electrolyte salt ( $\text{LiPF}_6$ ) (BU AII/BU PLA)
- Flame retardants (BU PLA)

## Cathode & Anode

- Iron oxide as precursor for cathode active materials (BU IPG)
- Ion-exchange resins for refining battery grade cobalt, nickel and lithium (BU LPT)
- Lithium chemicals from tail-brine (BU PLA)\*

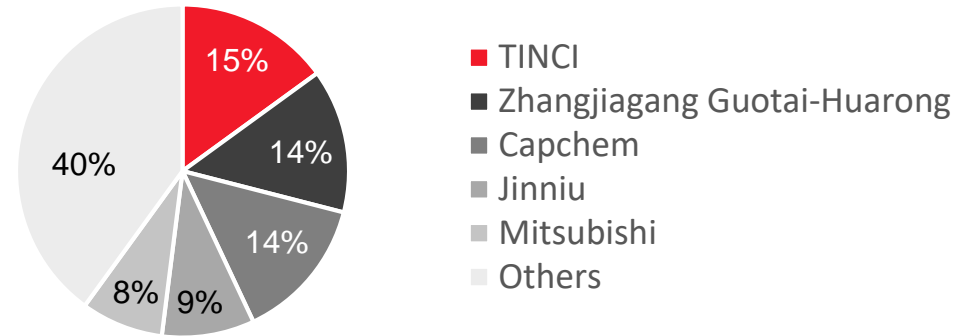
# LANXESS starts electrolyte production for Li-Ion batteries in cooperation with market leader TINCI



## Partnership with TINCI

- TINCI (Chinese Guangzhou Tinci Materials): a leading manufacturer for battery materials and the largest electrolyte producer worldwide
- Saltigo starts electrolyte production for TINCI in its high-tech plant in Leverkusen (Germany) early 2022

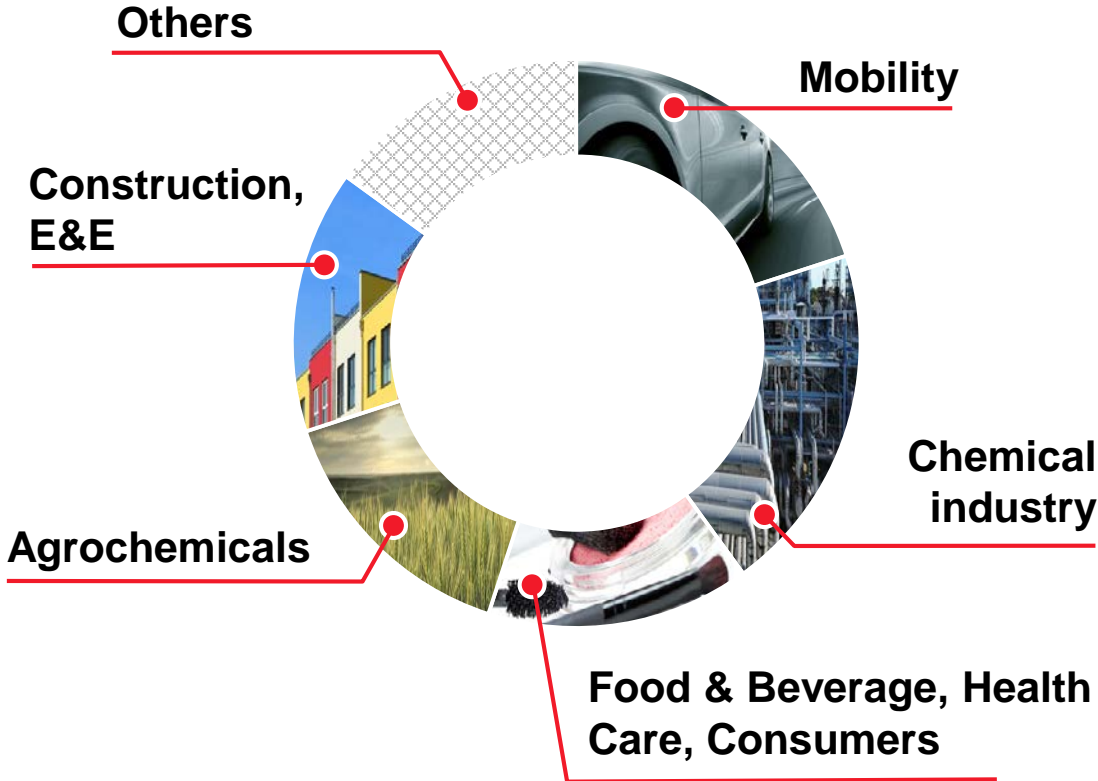
## TINCI with leading position in fragmented electrolyte market\*



## Local raw material supply is key for cell manufacturers and OEMs

# Proven resilient business model – platform for further growth

## Balanced industry exposure



Sales split FY 2020

# Housekeeping items 2021

<b>Capex 2021</b>	~ <del>€</del> <b>450-500 m</b> (incl. EKC)
<b>Operational D&amp;A 2021</b>	~ <del>€</del> <b>470 m</b> (incl. EKC)
<b>Reconciliation 2021</b>	~ <del>€</del> <b>150-160 m</b> including remnant costs and re-occurring expenses
<b>Underlying tax rate</b>	~ <b>28%</b>
<b>Exceptionals 2021</b>	<b>€120-150 m</b> based on current initiatives (including ~€15m OTCs* Emerald Kalama Chemical)
<b>FX sensitivity</b>	One cent change of USD/EUR resulting in ~ <del>€</del> <b>7 m</b> EBITDA pre impact before hedging

\* OTCs = One Time Costs

# Transparency on Emerald Kalama Chemical acquisition accounting treatment

	2021	Annualized <sup>1</sup>
D&A operational	~€8 m	~€20 m
Add. impact on D&A due to purchase price allocation	~€12 m	~€30 m
Goodwill	~€400 m	-
Leasing liabilities	~€20 m	-
Pensions	~€<1 m	-





# 9M 2021: Strong earnings

[€m]	9M 2020		9M 2021		yoy in %
Sales	4,601	(100%)	5,475	(100%)	19%
Cost of sales	-3,422	(-74%)	-4,091	(-75%)	20%
Selling	-580	(-13%)	-674	(-12%)	16%
G&A	-195	(-4%)	-213	(-4%)	9%
R&D	-80	(-2%)	-87	(-2%)	9%
<b>EBIT</b>	<b>218</b>	<b>(5%)</b>	<b>327</b>	<b>(6%)</b>	<b>50%</b>
<b>Net Income</b>	<b>888</b>	<b>(19%)</b>	<b>238</b>	<b>(4%)</b>	<b>-73%</b>
<b>EPS pre*</b>	<b>2.68</b>		<b>3.96</b>		<b>48%</b>
EBITDA	587	(13%)	699	(13%)	19%
thereof except.	-75	(-2%)	-98	(-2%)	31%
<b>EBITDA pre except.</b>	<b>662</b>	<b>(14.4%)</b>	<b>797</b>	<b>(14.6%)</b>	<b>20%</b>

- Successful cost management in inflationary environment
- Higher G&A reflect portfolio effect (acquisitions and leather divestment) and gradual phase-out of Corona measures
- Strong earnings due to high demand, but held back by higher energy and logistic costs and negative FX effect
- Net income in previous year included proceeds from CURRENTA divestment

\* From continuing operations

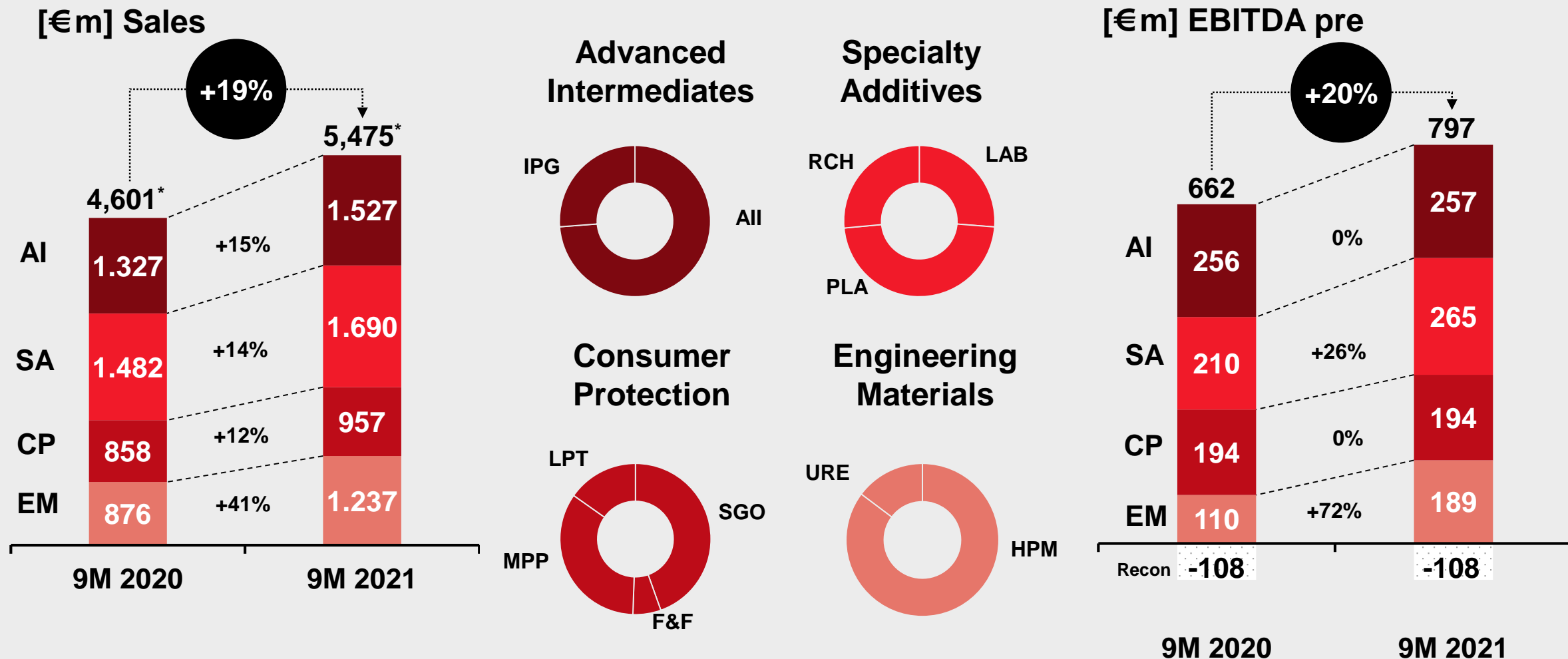
# 9M 2021: Operating cash flow impacted by increased working capital

[€m]	9M 2020	9M 2021	Δ
<b>Operating cash flow*</b>	<b>332</b>	<b>128</b>	<b>-204</b>
thereof changes in working capital	-98	-511	-413
<b>Investing cash flow*</b>	<b>-61</b>	<b>56</b>	<b>117</b>
thereof capex	-264	-271	-7
thereof payments for acquisitions / proceeds from divestments	793	-874	-1,667

- Operating cash flow burdened by
  - Significant increase in inventories due to volume rise and inflated raw material prices
  - Higher receivables driven by increased sales
- Investing cash flow:
  - Net amount in 2021 includes purchase price for EKC, Theseo and Intace and divestments of organic leather, membrane business and chrome mine
  - PY year investing cash flow reflected divestment of CURRENTA stake and chrome business

\* Applies to continuing operations

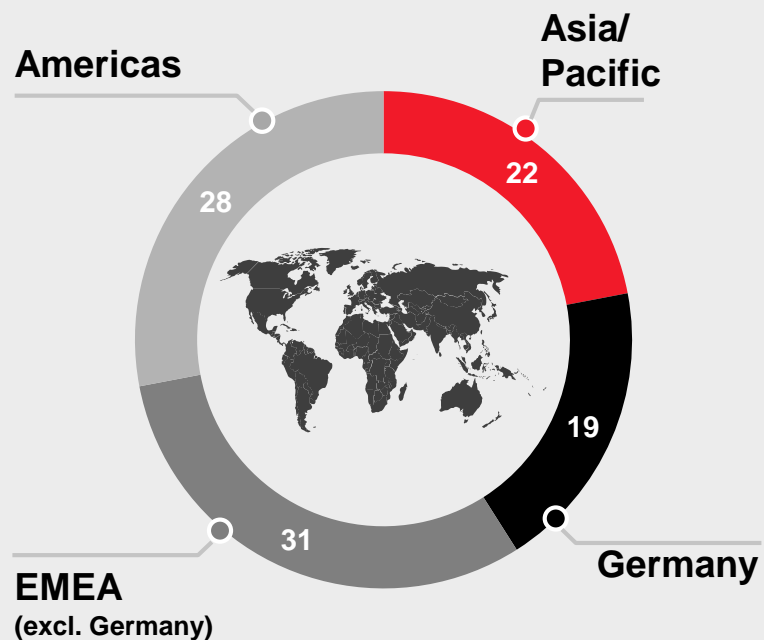
# 9M 2021: Strong recovery especially in Specialty Additives and Engineering Materials



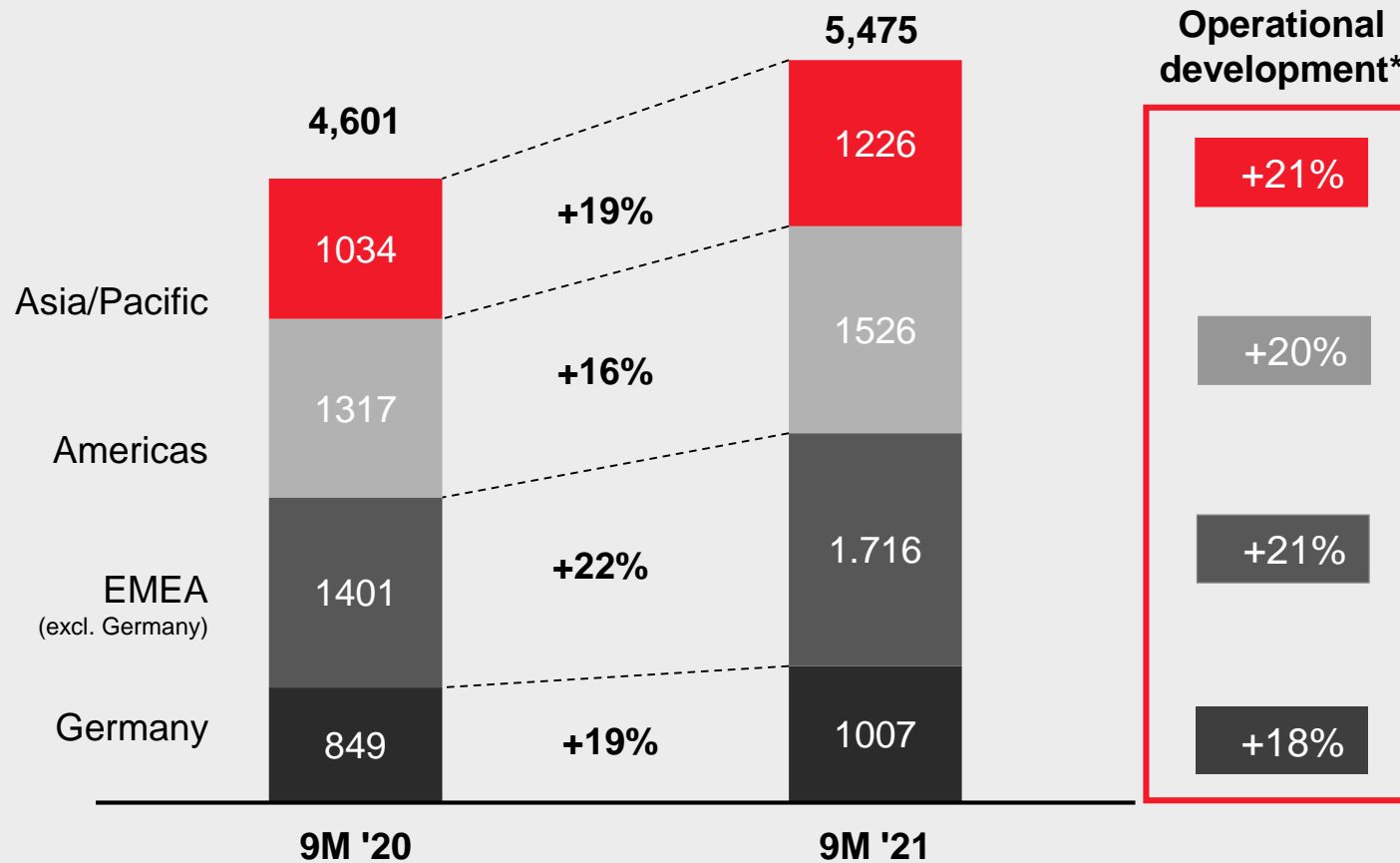
\* Total group sales including reconciliation

# 9M 2021: Strong operational development in all regions

9M 2021 sales by region [%]



Regional development of sales [€m]



\* Currency and portfolio adjusted

# Exceptional items (on EBIT) above previous year level mainly due to increased M&A costs

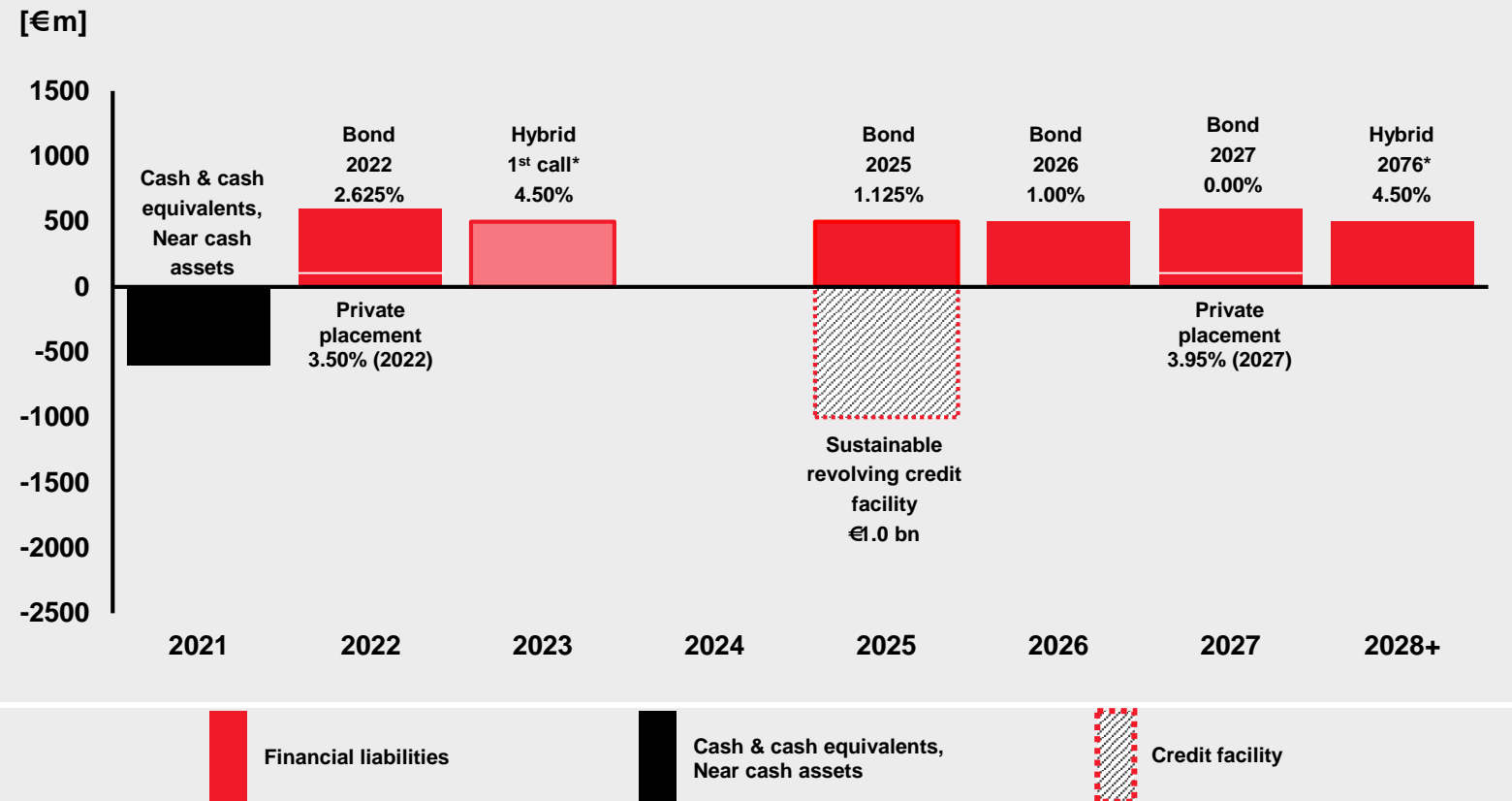
[€m]	Q3/2020		Q3/2021		9M 2020		9M 2021		Comments
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	
Strategic Realignment & Restructuring	8	0	<b>10</b>	<b>0</b>	49	18	<b>17</b>	<b>1</b>	incl. adjustment of production network
M&A, Digitalization (incl. Chemondis) and Others	10	0	<b>27</b>	<b>1</b>	27	1	<b>66</b>	<b>2</b>	incl. CUR, organic leather, membrane, chrome mine divestments, Emerald Kalama, IFF MC, Theseo, Intace acquisitions
Strategic IT projects	5	0	<b>5</b>	<b>0</b>	18	0	<b>18</b>	<b>0</b>	incl. SAP Hana Project
<b>Total</b>	23	0	<b>42</b>	<b>1</b>	94	19	<b>101</b>	<b>3</b>	

# LANXESS maturity profile actively managed and well balanced

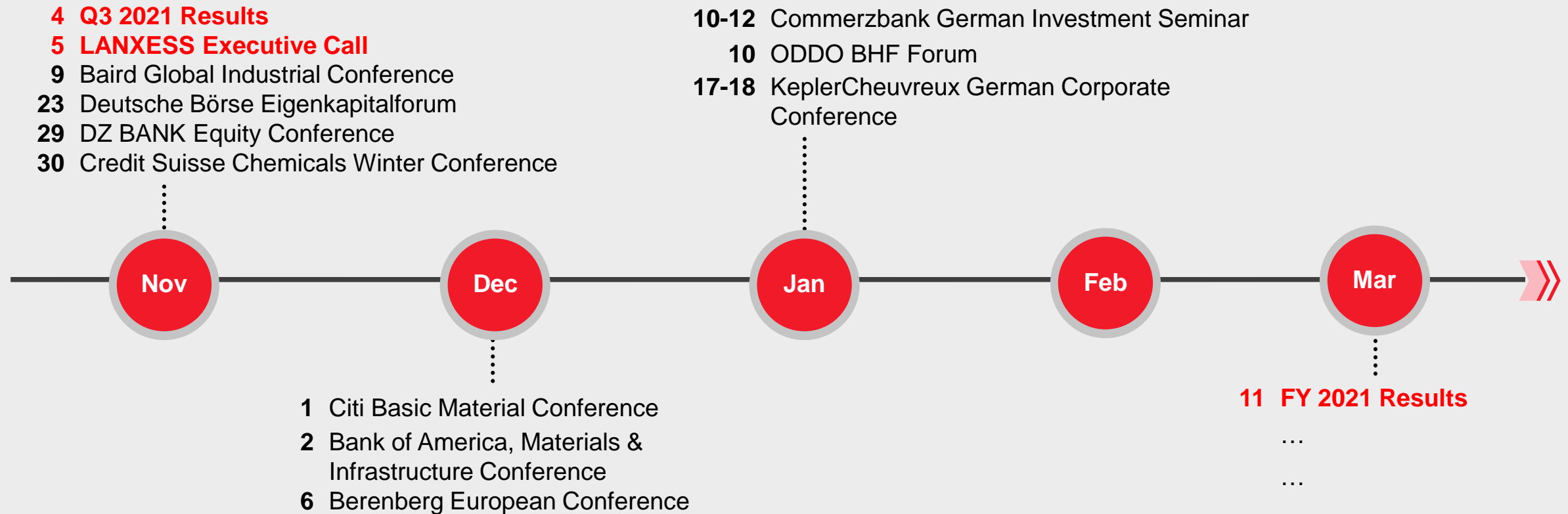
## Long-term financing secured

- Diversified financing sources
  - Bonds & private placements
  - Undrawn sustainable revolving credit facility
- Average interest rate of financial liabilities ~2%
- Maturities in 2022:
  - Private placement in April
  - Bond in November
- All group financing executed without financial covenants

## Liquidity and maturity profile as per September 2021



# Upcoming events 2021/2022 - Proactive capital market communication



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website





# Abbreviations



## Advanced Intermediates

**AI** Advanced Industrial Intermediates  
**IPG** Inorganic Pigments



## Consumer Protection

**F&F** Flavors & Fragrances  
**LPT** Liquid Purification Technologies  
**MPP** Material Protection Products  
**SGO** Saltigo



## Specialty Additives

**LAB** Lubricant Additives Business  
**PLA** Polymer Additives  
**RCH** Rhein Chemie



## Engineering Materials

**HPM** High Performance Materials  
**URE** Urethane Systems

**LANXESS**

Energizing Chemistry